

PALASH SECURITIES LIMITED

CIN - L74120UP2015PLC069675

REGD. OFFICE - P.O. HARGAON, DIST SITAPUR (U.P.), PIN - 261 121

Phone No. (05862) 256220-221; Fax No.: (05862) 256 225

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PSEL/SE/2018-19/22

3rd October, 2018

The Secretary
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra- Kurla Complex, Bandra (E)
Mumbai 400 051

The Dy. General Manager
Corporate Relationship Department
BSE Ltd.
1st Floor, New Trading Ring,
Rotunda Building
P.J. Towers, Dalal Street, Fort
Mumbai-400 001

Symbol : PALASHSECU

Stock Code : 540648

Dear Sir,

Re: Annual Report & Accounts for the year ended 31st March, 2018

In terms of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we send herewith a copy of the Annual Report of the Company for the financial year 2017-18, duly approved and adopted by the Members of the Company at the 4th Annual General Meeting held on 24th September, 2018.

Please acknowledge receipt.

Yours faithfully,
For Palash Securities Limited


Mayuri Raja
Company Secretary
ACS : 26022



Encl : as above



Corporate Information

Board of Directors

Mr. Chandra Shekhar Nopany, Chairperson
 Mrs. Shalini Nopany
 Mr. Arun Kumar Newar
 Mr. Chhedi Lal Agarwal
 Mr. Dinesh Kacholia
 Mr. Chand Bihari Patodia, Managing Director

Committees of Directors

Audit Committee

Mr. Chhedi Lal Agarwal - Chairman
 Mr. Arun Kumar Newar
 Mr. Dinesh Kacholia
 Mr. Chand Bihari Patodia

Stakeholders' Relationship Committee

Mr. Arun Kumar Newar - Chairman
 Mr. Chhedi Lal Agarwal
 Mr. Dinesh Kacholia

Nomination and Remuneration Committee

Mr. Dinesh Kacholia - Chairman
 Mr. Arun Kumar Newar
 Mr. Chhedi Lal Agarwal

Executives

Mr. Deepak Kumar Sharma, Chief Financial Officer
 Ms. Mayuri Raja, Company Secretary

Auditors

M/s Agrawal, Subodh & Co.
 Chartered Accountants
 3 Victory House, 1 Ganesh Chandra Avenue
 Kolkata 700 001

Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.
 (Unit : Palash Securities Limited)
 59C, Chowringhee Road
 Kolkata 700 020
 Tel. No. : +91 33 2289 0540 Fax No. : +91 33 2289 0539
 E-mail : kolkata@linkintime.co.in

Registered Office

P. O. : Hargaon District : Sitapur, (U. P.)
 Pin 261 121
 Tel. No. : +91 5862 256220 Fax No. : +91 5862 256225
 E-mail : birlasugar@birla-sugar.com
 Website : www.birla-sugar.com
 CIN L74120UP2015PLC069675

Corporate & Head Office

Birla Building
 9/1 R.N. Mukherjee Road, 5th Floor
 Kolkata 700 001
 Tel. No. : +91 33 2243 0497/8 Fax No. : +91 33 248 6369
 E-mail : secretarial@birla-sugar.com
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Directors' Report

Dear Members,

Your Directors present herewith the Fourth Annual Report on the performance of the Company along with the Audited Financial Statements of the Company for the year ended 31st March, 2018.

1. Financial Results

A summary of standalone and consolidated Financial Performance of the Company for the financial year ended on 31st March 2018, as compared to the previous year are summarized below: -

(Rs. in lakhs)

| Particulars | Standalone | | Consolidated | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Year ended 31st March, 2018 | Year ended 31st March, 2017 | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
| Revenue from Operations (Gross) | 0.57 | 0.10 | 4300.06 | 4696.75 |
| Profit before Finance Costs, Tax, Depreciation and Amortization | (34.24) | (42.47) | 838.76 | 920.65 |
| Less: Depreciation & Amortization Expenses | 2.25 | 2.27 | 17.65 | 17.58 |
| Less: Finance Cost | - | - | 289.74 | 512.47 |
| Profit/(Loss) Before Tax | (36.49) | (44.74) | 531.37 | 390.60 |
| Profit/(Loss) After Tax | (36.49) | (44.74) | 518.54 | 383.04 |

2. Financial Performance of the Company

During the Financial Year 2017-18, the Company incurred a loss of Rs. 36.49 lakhs as compared to loss of Rs. 44.74 lakhs in the previous year on standalone basis. On consolidated basis, the profit after tax stood at Rs. 518.52 lakhs as compared to profit of Rs. 383.04 lakhs in the previous year.

In view of inadequate profits, the Board of the Directors has not recommended payment of dividend.

3. Status of Company's Affair

Details on the state of affairs of the Company are covered in the Management Discussion and Analysis Report.

There is no change in the nature of business of the Company. There were no significant or material orders passed by regulators, courts or tribunals impacting the Company's operation in future.

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year i.e. 31st March, 2018 and date of this report.

4. Share Capital

Share capital comprises of 1,00,03,102 Equity Shares with a face value of Rs.10/- totalling to Rs.10,00,31,020/- and 13,00,000 Preference Shares of Rs. 10/- each totalling to Rs. 1,30,00,000/-. During the year under review, there has been no change in the capital structure.

5. Subsidiary Companies

During the year, there was no change in the subsidiaries. The Company has five subsidiaries. The Company has formulated a policy for determining material subsidiaries in line with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Policy is being disclosed on the Company's website at the weblink <http://birla-sugar.com/Assets/Palash/Palash-Securities-Policy-for-Determining-Material-Subsidiaries.pdf>

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the details containing salient features of the financial statement of subsidiary companies in Form AOC-1 forms part of this Report and marked as **Annexure "H"**

6. DIRECTORS

The Board comprises of 5 (five) Non-Executive Directors having experience in varied fields and a Managing Director. Out of five Non-Executive Directors, three of them are Independent Directors. Mr Chandra Shekhar Nopany is the Chairperson of the Company.

Mr. Chandra Shekhar Nopany will retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment as Director of the Company.

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

Other information on the particulars of Director retiring by rotation is provided in the Notice convening the Annual General Meeting.

In pursuance of the provisions of the Companies Act, 2013 and according to Regulation of 25(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Performance Evaluation Criteria has been laid down for effective evaluation of performance of the Board of Directors, the Committees thereof and individual Directors including the Chairperson of the Company. After detailed discussion at Board level as well as taking input from each Director, Nomination and Remuneration Committee finalized the proformas / questionnaires containing various parameters to evaluate the performance of Board and its committee(s), Individual Directors and Chairperson of the Company. The performance evaluation parameters are based on their roles and responsibilities, contribution to the Company's goals, decision making process, flow of information and various other aspects. The evaluation of performance of the Board as a whole, Committees of the Board, Individual Directors and Chairperson of the Company was carried out for the financial year 2017-18. Nomination and Remuneration Committee evaluated the performance of the individual Director.

The Independent Directors in their separate meeting carried out the evaluation of the Board of Directors as a whole, Chairperson of the Company and Non-Independent Directors. The evaluation of Independent Directors was carried out without the presence of concerned Director.

The Chairman of Nomination and Remuneration Committee has submitted report of the respective evaluations to the Chairperson of the Company. Based on the questionnaires received from the Directors and considering the reports of Chairman of Nomination and Remuneration Committee, the Board evaluated its own performance and that of its committees and individual Directors including Independent Directors.

7. Key Managerial Personnel

During the year under review, the Company appointed Ms Mayuri Raja as Company Secretary w.e.f 14th July, 2017 and designated her as the Key Managerial Personnel (KMP) under Section 203 of the Companies Act, 2013.

The following Directors / Executives of your Company are whole-time Key Managerial Personnel (KMPs) as on 31st March, 2018 in accordance with the provisions of Section 203 of the Companies Act, 2013 –

- a. Mr. Chand Bihari Patodia – Managing Director
- b. Mr. Deepak Kumar Sharma – Chief Financial Officer
- c. Ms. Mayuri Raja – Company Secretary

All Directors and Key Managerial Personnel of the Company have confirmed compliance with the Code of Conduct applicable to Directors & employees of the Company and a declaration to the said effect by the Managing Director is made part of Corporate Governance Report, which forms part of this report. The Code is available on the Company's website at the weblink <http://birla-sugar.com/Assets/Palash/Palash-Securities-Code-of-Conduct.pdf>. All Directors have confirmed compliance with the provisions of Section 164 of the Companies Act, 2013.

8. Nomination & Remuneration Policy

The Board has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Nomination & Remuneration Policy as adopted by the Board of Directors is attached as **Annexure "E"** to this Report. The Nomination & Remuneration Committee has also framed criteria for performance evaluation of every Director and accordingly has carried out the performance evaluation during the year under review.

9. MEETINGS

A calendar of Meeting is prepared and circulated in advance to the Directors. The Board evaluates all the decisions on a collective consensus basis amongst the Directors. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. During the financial year ended 31st March 2018, 5 (Five) Meetings of the Board of Directors of the Company were held. The details of the Board Meetings held during the F.Y. 2017-18 have been furnished in the Corporate Governance Report forming a part of this Annual Report.

10. Audit Committee

The Audit Committee comprises of Mr. Chhedi Lal Agarwal, Mr. Arun Kumar Newar, Mr. Dinesh Kacholia and Mr. Chand Bihari Patodia. During the year there were no instances where Board has not accepted the recommendation of Audit Committee.

The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report, which forms an integral part of this Report.

11. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of Mr. Chhedi Lal Agarwal, Mr. Arun Kumar Newar and Mr. Dinesh Kacholia. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report, which forms an integral part of this Report.

12. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. Chhedi Lal Agarwal, Mr. Arun Kumar Newar, and Mr. Dinesh Kacholia. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report, which forms an integral part of this Report.

13. Loans, Guarantee and Investments

During the year under review, the Company has not given any loans and corporate guarantees covered under the provisions of Section 186 of the Companies Act, 2013. Details on particulars relating to investments under Section 186 of the Companies Act 2013 are provided in Note 10 of the Financial Statement.

14. Related Party Contracts / Arrangements

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Accordingly, no transaction are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the Directors draw attention of the members to Note 19 to the Financial Statement which sets out related party disclosures.

The Company has developed a Related Party Transactions Policy for purpose of identification and monitoring of such transactions and accordingly any or all Related Party Transactions are placed before the Audit Committee as also the Board for approval. The Related Party Transactions Policy is available on the Company's website at the weblink <http://www.birla-sugar.com/Assets/Palash/Palash-Securities-Related-Party-Transaction-Policy.pdf>.

15. Public Deposits

The Company has not accepted any deposits from the public and as such there are no outstanding fixed deposits in terms of Companies (Acceptance of Deposit Rules) 2014.

16. Internal Financial Controls

The Company has laid down internal financial control's, through a combination of Entity level controls, Process level controls and IT General controls inter-alia to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors. The evaluations of these internal financial controls were done through the internal audit process and were also reviewed by the Statutory Auditors. Based on their view of these reported evaluations, the Directors confirm that, for the preparation of financial statements for the financial year ended 31st March, 2018, the applicable Accounting Standards have been followed and the internal financial controls are generally found to be adequate and were operating effectively & that no significant deficiencies were noticed.

There was no fraud reported by the Auditors of the Company under Section 143(12) of the Companies Act, 2013, to the Audit Committee or the Board of Directors during the year under review.

17. Whistle Blower / Vigil Mechanism

The Company has established a vigil mechanism and adopted whistle blower policy, pursuant to which whistle blowers can report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The mechanism provides adequate

safeguards against victimisation of persons who use this mechanism. The brief detail about this mechanism may be accessed on the Company's website at the weblink <http://www.birla-sugar.com/Assets/Palash/Palash-Securities-Whistle-Blower-Policy.pdf>

18. Corporate Governance

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Management Discussion & Analysis Report, the Report on Corporate Governance, Declaration of Managing Director on Code of Conduct and a Certificate on compliance of conditions of Corporate Governance form integral part of this Report and are annexed to this Report as **Annexure "A", "B" "C" & "D"** respectively.

19. Auditors, Audit Qualifications and Board's Explanations

Statutory Auditors

At the 2nd Annual General Meeting (AGM) of the Company held on 12th September, 2016. M/s. Agrawal, Subodh & Co., Chartered Accountants, having Firm Registration No. 319260E, were appointed as Statutory Auditors of the Company to hold office for a term of 5 (five) years from the conclusion of 2nd AGM of the Company till the conclusion of the 7th AGM of the Company. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Board appointed Messrs Vinod Kothari & Co., Practising Company Secretaries to conduct the Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report is annexed herewith as **Annexure "F"** and which is self explanatory and does not call for any further comments.

20. Investor Education and Protection Fund

The provisions pertaining to Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, are not applicable to the Company.

21. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure "G"**

22. Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

The provisions of Section 134(3)(m) of the Companies Act, 2013 do not apply to our Company. There was no foreign exchange inflow or outflow during the year under review.

23. Corporate Social Responsibility (CSR) Policy

The provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility are not applicable to the Company.

24. Disclosures Under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013

There has been no such case pending during the year under review.

25. Particulars of Employees

There was no employee in the Company who was in receipt of remuneration as required to be disclosed under section 134 read with Rule, 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

26. Risk Management

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

27. Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. that in the preparation of the annual Financial Statements for the year ended 31st March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the loss of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual Financial Statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

28. CEO/CFO Certification

Mr. Chand Bihari Patodia, Managing Director and Mr. Deepak Kumar Sharma, Chief Financial Officer have submitted certificates to the Board as contemplated under Regulation 17(8) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

29. Acknowledgement

Your Directors wish to express their sincere thanks to the bankers and other stakeholders for their continued co-operation and assistance.

For and on behalf of the Board

Chandra Shekhar Nopany

Chairperson

DIN: 00014587

Dated: 8th May, 2018

Place: Kolkata

Annexure A

Management & Discussion Analysis

Overview

Indian Economy continue to deliver strong growth backed by International Monetary Fund (IMF) projection of India being the world's fastest growing economy poised to grow at 7.4% in this fiscal. India's growth lifted by good performance by sectors like agriculture, construction & manufacturing as well as fading temporary effects of the demonetisation initiative and implementation of Goods and Service Tax (GST). India's structural reform in recent past and implementation of GST will help to reduce internal barriers to trade and will also increase efficiency and tax compliances.

Recent developments in the banking sector, including stricter non-performing loan resolution processes and large-scale fraud scandals in public sector banks, pose a sizeable downside risk to growth. However, Bank recapitalization will also enhance the performance of Banking sector.

Industry Structure and Developments

The Government of India has introduced several reforms to liberalise, regulate and enhance the industries.

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market wherein the financial sector in India is predominantly a banking sector with commercial banks accounting for more than 64 per cent of the total assets held by the financial system.

India's equity market capitalisation has increased significantly in recent years. RBI has allowed 100 per cent foreign investment under the automatic route in 'other financial services'. The Government of India has taken various steps to deepen the reforms in the capital markets, including simplification of the Initial Public Offer (IPO) process which allows qualified foreign investors (QFIs) to access the Indian bond markets along with the great opportunity for Indian regulators to make the market attractive for foreign investors.

The Securities and Exchange Board of India (SEBI) has allowed exchanges in India to operate in equity and commodity segments simultaneously, starting from October 2018.

At a time when most economies in the world are on a path of recovery, India, by contrast, is seen as a reforming economy with the prospect of strong long-term with the introduction of reform by way of GST and Demonetisation.

Despite uncertainty in the global economies coupled with domestic challenges pertaining to slow progress on certain crucial reforms and the delay in anticipated economic recovery, the Indian market outperformed the emerging markets.

Opportunities and Threats

The present Government is also supportive of business growth and for the purpose amended many Acts and introduced new laws like The Insolvency and Bankruptcy Code, 2016, amendments in Companies Act, 2013, making effective Goods and Service Tax for doing the business easy in India and thereby attract foreign investment, relaxing FDI in many sectors and other steps to grow the economy by the Government creates optimistic business environment.

However, the management took possible steps to cash in on various opportunities and at times also observed closely which may lead to the erosion of investments.

With intent to optimize the deployment of fund and capital across the core business of the Company and its subsidiaries, will enable your Company to create ongoing incremental value and sustainable business growth.

Performance

The Company operates in single segment which is to invest, deal in securities etc. Consequent to the Composite Scheme of Arrangement sanctioned by the Hon'ble National Company Law Tribunal, Allahabad Bench and after completion of all the formalities with respect to listing of equity shares in BSE Ltd (BSE) and National Stock Exchange Ltd (NSE) as per applicable laws and regulations, the Equity shares of the Company have been listed with BSE and NSE and the trading permission have been received with effect from 28th July, 2017.

The businesses of the Company are carried out by its wholly-owned subsidiaries. The first three being wholly owned subsidiaries of the Company viz: OSM Investment & Trading Company Limited; Champaran Marketing Company Limited; Hargaon Investment & Trading Company Limited and are registered NBFC with RBI and primarily engaged in investment activities and whereas Hargaon Properties Ltd is a step down subsidiary engaged in investment of properties. The other wholly owned subsidiary Allahabad Canning Ltd is engaged in the Food Processing Business thereby producing all types of canned fruits & vegetables, jams, jellies, marmalades, juices, tomato ketchup/puree/sauce, vegetable sauces, squashes, breakfast cereals like cornflakes, choccos, white oats etc.

The Company aims to create sustainable vision to grow the business and make long-term strategic investments in various new ventures promoted by the Company and its subsidiaries.

The financial performance of the Company for the financial year 2017-18 is described in the Directors' Report under the head "Financial Performance"

OUTLOOK

Indian economy remained flexible and showed positive growth in many parameters despite of the disruption due to enactment of demonetization and implementation of Goods & Service Tax. Global growth is showing signs of inching up, and should aid the growth in the Indian economy. The macro economic conditions of India have been the best in recent times and we see the same continuing in 2018, however there may be some challenges along the way.

The potential of Indian Stock market is unlimited. The new measures adopted by Government are positive to the growth of capital market. In the forthcoming year, the Company envisages to identify new avenues of business activities and make use of opportunities available, besides strengthening its present operations.

The stronger rupee reflects the rise in interest from foreign investors. The stock market in India is in great shape for almost 2 years now. Domestic investments beat their overseas counterparts in 2017, the third year in a row. The sizzling share market has lured the average Indian saver as gold and real estate failed to give exciting returns.

Experts believe that in the near future with record FII inflows, soaring investments in mutual fund, low interest rates and a strong rupee against the dollar the outlook in the markets is expected to remain positive.

Risks and Concerns

Your Company follows a risk management process for identification, categorization and prioritization of various risks like operational, financial, legal and other business risks. The Chief Financial Officer aided by the Internal Auditor reviews the effectiveness of the process at regular intervals and reports the same to the Audit Committee and the Board.

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company is mainly exposed to market risks in the form of reduction in value of its investment and fall in return due to dip in the investee Company's performance. Delay in repayment by the borrower Companies can affect liquidity and redeployment scope. The Company is also exposed to fluctuation of economy and industry cycle.

The Audit Committee periodically reviews the efficacy of Internal Financial Control Systems and risk mitigation process.

Internal Control Systems and Their Adequacy

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

The Audit Committee periodically reviews the efficacy of Internal Financial Control Systems and risk mitigation process. Your Board believes that appropriate procedures, controls and monitoring assessment procedures are in place and considered adequate.

The Company has an Internal Control System, commensurate with the size and nature of its business. The Company has an adequate system of internal control implemented by the management towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with applicable laws. The Internal Audit Division develops an annual audit plan based on the risk profile of business activities of the organization, which were approved by the Audit Committee. The adequacy of the internal control system is reviewed by the Audit Committee of the Board of Directors. The efficacy of the internal checks and control systems are verified by the Internal Auditors as well as the Statutory Auditors. The Audit Committee reviews the internal audit plan, adequacy and effectiveness of the internal control system, significant audit observations and monitors the sustainability of remedial measures.

Your Board believes that appropriate procedures, controls and monitoring assessment procedures are in place and considered adequate.

Human Resources

Steps have been taken to inculcate a performance-oriented culture by focusing and laying more emphasis on the performance management system. It has been Company's endeavour to attract talent from the most reputed institutions to meet the requirements of various functions. The Company will strengthen its operative staffs as and when need arises.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's outlook, objectives, projections, estimates and expectations

may be 'forward looking statement' within the meaning of applicable laws or regulations. Actual results may differ from those expressed or implied. Important factors that could make a difference to the Company's operations include changes in Government regulations and tax-regime, economic developments within India and abroad, financial markets, etc. The Company assumes no responsibility in respect of forward-looking statements that may be revised or modified in future on the basis of subsequent developments, information or events. The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 2013 (the Act) and comply with the Accounting Standards notified under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006. The management has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profit/ loss for the year. The narrative on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the annual report.

Annexure B

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

Palash Securities Limited (PSL), a part of K K Birla Group of Sugar Industries, firmly believes that Corporate Governance helps to serve corporate purposes by providing a framework within which stakeholders can pursue the objective of the organization most effectively and efficiently. Corporate Governance in fact denotes acceptance by the management of the inalienable rights of the shareholders as true owners of the organization and of their own role as trustees on behalf of the shareholders.

By harnessing ethical values with business acumen the executive functions of PSL is structured to institutionalize policies and practices that enhance the efficacy of the Board, Key Managerial Personnel and the Senior Management of the Company and inculcate a culture of accountability, transparency and integrity across the Company as a whole. PSL has a strong legacy of fair, transparent and ethical Governance practices and procedures and through these pages renews its commitment to uphold and nurture the core values of integrity, passion, responsibility, quality and respect in dealing with its customers, cane growers and other stakeholders of the Company. The other enablers for the Company are 'team work' and 'adherence' to professionalism.

PSL is also in compliance with the mandatory requirements of the guidelines on Corporate Governance stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

2. Board of Directors

- i) The Company has in all 6 Directors with considerable professional experience in divergent areas connected with corporate functioning. Out of these 6 directors, 3 (50%) are Independent Directors. The composition of the Board is in conformity with the Listing Regulations. The Board is headed by the Non-Executive Chairperson Mr. Chandra Shekhar Nopany.
- ii) The Independent Directors take part in the proceedings of the Board and Committee meetings which enables qualitative decision-making. They receive sitting fees for attending the meetings and do not have any other material or pecuniary relationship or transaction with the Company, its promoters, its directors, management, subsidiaries or associates.
- iii) As per the disclosure received by the Company from the Directors, none of them is member in more than ten committees, nor as Chairman of more than five committees across all Companies in which they are Directors, in compliance with Regulation 26 of the Listing Regulations. The Directors intimate the Company about the committee positions they occupy in other Companies and also notify changes from time to time.
- iv) The Independent Directors have confirmed that they satisfy the 'criteria of independence' as stipulated in Sec 149(7) of the Companies Act, 2013. Independent Directors do not serve in more than 7 listed companies.
- v) No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 2013 except for Mr Chandra Shekhar Nopany, the Chairperson of the Company and Mrs Shalini Nopany, Director of the Company who are related to each other.
- vi) The Board looks at strategic planning and policy formulation. The Board meets at least once in every quarter to review the Company's operations and the maximum time gap between any two meetings is not more than 120 (One Hundred Twenty) days.
- vii) The Independent Directors (IDs) met on 3rd November, 2017 without the presence of the Chairperson, Managing Director, the Non-Executive Non-Independent Directors and the Management Team. The meeting was attended by all the Independent Directors and enabled them to discuss various matters pertaining to the Company's affairs and thereafter put forth their combined views to the Board. The IDs reviewed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Familiarisation Programme

In terms of Regulation 25(7) of Listing Regulations, the Company is required to conduct Familiarisation Programme for Independent Directors (IDs) to familiarise them about the Company including nature of industry in which the Company operates, business model of the Company, roles, rights and responsibilities of IDs and any other relevant information. One such specific familiarisation programme was conducted. As a part of the programme, presentation was made to the Independent Directors giving a brief overview of roles, responsibilities and liabilities of Independent Directors under Corporate Governance norms with focus on constitution of various Committees under the Companies Act, 2013.

Performance Evaluation

The Nomination and Remuneration Committee (NRC) of the Company formulated and laid down criteria for Performance Evaluation of the Board (including Committees) and every Director (including Independent Directors and Chairperson & Managing Director) pursuant to provisions of Section 134, Section 149 read with Code of Independent Directors (Schedule IV) and Section 178 of the Companies Act, 2013 and Regulation 19(4) read with Part D of Schedule II of the Listing Regulations covering inter-alia the following parameters namely:

- i) For Board Evaluation - degree of fulfillment of key responsibilities; Board culture and dynamics.
- ii) Board Committee Evaluation - effectiveness of meetings; Committee dynamics.
- iii) Individual Director Evaluation (including IDs) - contribution at Board Meetings.

Further, the performance of Chairperson is evaluated on key aspects of his role which includes inter- alia effective leadership to the Board and adequate guidance to the senior officers.

During the year under review, the Board carried out annual evaluation of its own performance as well as evaluation of the working of various Board Committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee. This exercise was carried out through a structured questionnaire prepared separately for Individual Board Member and Board Committees based on the criteria as formulated by the Nomination & Remuneration Committee and in context of the Guidance note dated January 05, 2017 issued by SEBI.

Based on these criteria, the performance of the Board, various Board Committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, and Individual Directors (including Independent Directors) was evaluated and found to be satisfactory.

During the year under review, the Independent Directors of the Company reviewed the performance of Non- Independent Directors, the Board as a whole and of the Chairperson of the Company, taking into account the views of Executive Director and Non- Executive Directors.

Further, the Independent Directors hold unanimous opinion that the Non- Independent Directors including the Chairperson bring to the Board, abundant knowledge in their respective field and are experts in their areas. Besides, they are insightful, convincing, astute, with a keen sense of observation, mature and have a deep knowledge of the Company.

Board Meetings

The meetings of the Board of Directors are scheduled in advance. The Company Secretary prepares the agenda for the meetings in consultation with the Chairperson and other concerned persons in the senior management. The detailed agenda and other relevant notes are circulated to the Directors well in advance. All material back up information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on the table at the meeting with specific reference to this effect in the Agenda.

During the period under review five Board Meetings were held on 29th May, 2017, 14th July, 2017, 14th August, 2017, 3rd November, 2017 and 6th February, 2018 respectively.

Details of Board meetings attended by Directors, attendance at the last Annual General Meeting, number of other Directorships / Committee membership (viz. only Audit Committee and Stakeholders Relationship Committee are considered as per clause 26(2) of the Listing Regulations held by them during the year 2017-18 are tabulated below:

| Name of the Director | Category of the Director | No. of Board meetings attended | Attendance at last AGM | No. of Directorships in other Bodies Corporate (other than PSL) | No. of Chairmanship/ Membership of Board Committees in other Companies (other than PSL) | | No. of Equity Shares held |
|---|--------------------------|--------------------------------|------------------------|---|---|------------------------|---------------------------|
| | | | | | Chairman | Member | |
| Mr. Chandra Shekhar Nopany (DIN – 00014587) | C/NED | 5 | No | 9 | 2 | - | 28,468 |
| Mrs Shalini Nopany (DIN – 00077299) | NED | 5 | No | 7 | - | 1 | NIL |
| Mr Chand Bihari Patodia (DIN – 01389238) | MD | 1 | Yes | 1 | - | - | NIL |
| Mr Dinesh Kacholia (DIN – 07640666) | I/NED | 2 | No | - | - | - | NIL |
| Mr Chhedi Lal Agarwal (DIN – 07778603) | I/NED | 5 | Yes | 4 | - | 1 | NIL |
| Mr Arun Kumar Newar (DIN- 07778968) | I/NED | 5 | No | 2 | 1 | 1 | NIL |
| C – Chairperson; | | I - Independent | | NED - Non-executive Director | | MD – Managing Director | |

Note: The number of directorships held by the Directors does not include Private Limited Companies, Foreign Companies and Companies incorporated under Section 8 of the Companies Act, 2013.

Not less than two thirds of the total number of Directors (excluding Independent Directors) shall be liable to retire by rotation. One third of the number of Directors liable to retire by rotation will retire by rotation every year. As per the provisions of Sec 149 of the Companies Act, 2013, the Independent Directors are not liable to retire by rotation. Accordingly, Mr Chandra Shekhar Nopany is liable to retire by rotation and is eligible for re-appointment. Brief particulars of Mr Chandra Shekhar Nopany forms part of the Notice convening the Annual General Meeting.

3. Committees of the Board

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the Board Meetings.

Audit Committee

i) Overall purpose/objective

The Audit Committee was constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of the Listing Regulations by the Board of Directors.

The purpose of the Audit Committee is to assist the Board of Directors ("the Board") in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls established in the Company, appointing, retaining and reviewing the performance of independent accountants/internal auditors and overseeing the Company's accounting and financial reporting processes and the audit of the Company's financial statements.

ii) Terms of Reference

The Terms of Reference of this Committee includes oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible, recommending appointment, remuneration and terms of appointment of auditors, reviewing/ examining quarterly and annual financial statements and auditor's report thereon before submission to the Board for approval, evaluate Company's internal financial controls and risk management systems, reviewing performance of statutory and internal auditors and adequacy of internal control systems, reviewing the functioning of the Whistle Blower Mechanism and other matters specified for Audit Committee in Section 177 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and the Listing Regulations.

Mr. Chhedi Lal Agarwal, Chairman of the Audit Committee attended the Annual General Meeting of the Company to provide clarifications and answer queries, if any.

The Company's system of internal controls covering financial and operational activities, compliances etc. are reviewed by the Internal Auditors and presentations are made to the Audit Committee on the findings of such reviews. Further, in compliance with Section 177(4) (vii) of the Companies Act, 2013 the Audit Committee maintains and evaluates the effectiveness of internal control systems of the Company pertaining to financial reporting, compliance with Accounting Standards, and looks after overall financial activities under applicable laws and regulations governing the Company. The Company has also appointed external agencies to undertake the Internal Financial Controls (IFC) implementation at the Company and for review, control and monitoring Internal Financial Controls as well as for the purpose of Information System (IS) Audit of the internal systems and processes of the Company.

iii) Composition and Meetings

The Audit Committee comprises Mr. Chhedi Lal Agarwal, Mr. Dinesh Kacholia, Mr. Arun Kumar Newar, Independent Directors and Mr. Chand Bihari Patodia, Managing Director. Mr. Chhedi Lal Agarwal, Independent Director of the Company is the Chairman of the Audit Committee. All the Members of the Audit Committee are financially literate and have accounting or related financial management expertise. The Chief Financial Officer (CFO) is permanent invitee to the meetings of the Audit Committee and the Company Secretary acts as the Secretary to the Audit Committee. The Statutory Auditors as well as Internal Auditors of the Company are invited to attend the Audit Committee meetings. The Committee also invites senior executives, as it considers appropriate, to be present at the meetings of the Committee.

4 (Four) meetings of the Audit Committee were held during the year 2017-18 on 29th May, 2017, 14th August, 2017, 3rd November, 2017 and 6th February, 2018 respectively. The maximum time gap between any two consecutive meetings did not exceed 120 (One Hundred Twenty) days. Moreover, the requisite quorum as required by the Listing Regulations, was present in all the meetings of the Audit Committee held during the year.

Attendance of the members at the meetings was as follows :

| Name of the Member | Status | No of meetings attended |
|--------------------------|----------|-------------------------|
| Mr. Chhedi Lal Agarwal | Chairman | 4 |
| Mr. Dinesh Kacholia | Member | 2 |
| Mr. Arun Kumar Newar | Member | 4 |
| Mr. Chand Bihari Patodia | Member | 1 |

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee of the Company was constituted, in line with the provisions of Regulation 20 of the Listing Regulations read with Section 178 of the Companies Act, 2013.

Terms of Reference:

The Stakeholders Relationship Committee oversees the redressal of complaints/grievances of investors such as transfer, credit of shares to demat accounts, non-receipt of dividend/annual reports, approval of physical shares above 1000 shares, taking note of shares transferred in course of a quarter, status of dematerialized shares as on the end of each quarter, stock of blank stationery of share certificates as on the end of each quarter, shareholding pattern of the Company as on the end of each quarter and detail of investors' grievances pending as on the end of each quarter among others. It also approves allotment of shares and matters incidental thereto including listing thereof. It also deals with matters relating to Company's Code of Conduct for Prohibition of Insider Trading framed in line with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and related matters. The Stakeholders Relationship Committee meets at regular intervals to take note of share transfer and other matters.

i) Composition & Meetings:

The composition of the Stakeholders' Relationship Committee as on 31st March, 2018 is as follows:

- a) Mr. Arun Kumar Newar - Chairman
- b) Mr. Chhedi Lal Agarwal
- c) Mr. Dinesh Kacholia

During the period under review the Committee met two times on 3rd November, 2017 and 6th February, 2018 respectively.

Attendance of the members at the meetings was as follows :

| Name of the Member | Status | No of meetings attended |
|------------------------|----------|-------------------------|
| Mr. Arun Kumar Newar | Chairman | 2 |
| Mr. Chhedi Lal Agarwal | Member | 2 |
| Mr. Dinesh Kacholia | Member | 1 |

The Board of Directors have authorised the Secretary to approve transfers/ transmissions of shares in physical form upto 1000 shares. The transfers/ transmissions approved by the Secretary are periodically placed before the Committee.

The Company has in place a comprehensive Investor Grievance Redressal system thereby the standards of shareholders' service & grievance redressal procedure and mechanism to be adhered to by the Registrar and Share Transfer Agents as well as by the Company. The shareholders can write to the Company at 'palashinvestors@birla-sugar.com' on a day to day basis.

The BSE Ltd (BSE) and National Stock Exchange of India Ltd (NSE) have been furnished separate confirmations that there are no investor complaints pending against the Company as on 31st March, 2018.

Further, pursuant to Regulation 13(3) read with Regulation 13(4) of the Listing Regulations, Statements of investor complaints as received from the Registrar & Share Transfer Agents, Link Intime Private Limited, were filed with the Stock Exchanges on a quarterly basis and the said Statements were also placed before the Board of Directors for information and noting.

It has been a constant endeavour of the Company to send regular communications to the shareholders keeping them abreast of all the latest events, press releases and corporate announcements that are made by the Company from time to time.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company was constituted in line with the provisions of Regulation 19 of the Listing Regulations read with Section 178 of the Companies Act, 2013.

The Committee evaluates the composition and organization of the Board and its Committees in light of requirements established by any regulatory body or any other applicable statutes, rules and regulations which the Committee deems relevant, makes recommendations to the Board of Directors in respect to the appointment, re-appointment and resignation of Independent, Executive and Non-Executive Directors of the Company, identifies the persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommends to the Board their appointment and removal and other matters specified for Nomination and Remuneration Committee in Section 178 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and under the Listing Regulations.

i) Terms of Reference:

The broad terms of reference of the Nomination & Remuneration Committee, inter-alia includes the following :

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

ii) Composition and Meetings:

The Committee, comprises of the following Directors:

- a) Mr. Dinesh Kacholia - Chairman
- b) Mr. Arun Kumar Newar
- c) Mr. Chhedi Lal Agarwal

During the period under review the Committee met once on 29th March, 2018.

Attendance of the members at the meetings was as follows :

| Name of the Member | Status | No of meetings attended |
|------------------------|----------|-------------------------|
| Mr. Dinesh Kacholia | Chairman | - |
| Mr. Arun Kumar Newar | Member | 1 |
| Mr. Chhedi Lal Agarwal | Member | 1 |

iii) Remuneration Policy:

The Board of Directors of the Company had at its meeting held on 30th March, 2017 adopted the Remuneration Policy as recommended by the Nomination and Remuneration Committee of the Company. The Nomination and Remuneration policy forms an integral part of the Annual Report.

iv) Remuneration of Directors

Detail of remuneration paid to the Directors for the financial year 2017-18:

The Company pays a sitting fee of Rs. 5,000/- and Rs. 2,500/- per meeting to each Director for attending meetings of the Board of Directors and Committees thereof respectively. The total amount of sitting fees paid to following Directors during the year under review is as follows:

| Sl. No. | Name of the Director | Amount (Rs.) |
|---------|----------------------------|--------------|
| 1 | Mr. Chandra Shekhar Nopany | 25000/- |
| 2 | Mrs. Shalini Nopany | 25000/- |
| 3 | Mr. Chhedi Lal Agarwal | 35000/- |
| 4 | Mr. Arun Kumar Newar | 35000/- |
| 5 | Mr. Dinesh Kacholia | 17500/- |

The Non-Executive Directors may be paid remuneration by way of commission besides sitting fees, if approved by the Board, on the net profit of the Company at the rate not exceeding 1% of the net profit of the Company determined in accordance with the terms and provisions of Section 198 of the Companies Act, 2013.

4. Subsidiary Companies

As on 31st March, 2018 the Company has five subsidiaries. The Board of Directors have formulated a Policy for determining material subsidiaries in its meeting held on 30th March, 2017 and such Policy has been disclosed on the company website at www.birla-sugar.com.

5. Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arms length pricing basis. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS 18) has been made in the notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website and such Policy has been disclosed on the Company website at www.birla-sugar.com.

6. Vigil Mechanism / Whistle Blower Policy

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the respected Companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility and accordingly has formulated Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

7. General Body Meetings

(i) The last three Annual General Meetings of the Company were held as under:

| Financial Year | Date | Time | Location |
|----------------|------------|------------|---|
| 2016-17 | 22.09.2017 | 10.30 a.m. | Registered Office: P.O. Hargaon, Dist. Sitapur Uttar Pradesh - 261 121 |
| 2015-16 | 12.09.2016 | 12.30 p.m. | |
| 2014-15 | 12.09.2015 | 11.30 a.m. | |

The last Annual General Meeting was held on 22nd September, 2017, which was chaired by Mr Chand Bihari Patodia.

(ii) The following Special Resolutions were passed at the previous three General Meetings :

- Approval under Section 186 of the Companies Act, 2013 in the Extra Ordinary General Meeting held on 14th March, 2017
- Approval under Section 181 of the Companies Act, 2013 in the Extra Ordinary General Meeting held on 14th March, 2017
- Approval under Section 180(1)(c) of the Companies Act, 2013 in the Extra Ordinary General Meeting held on 14th March, 2017
- Approval under Section 180(1)(a) of the Companies Act, 2013 in the Extra Ordinary General Meeting held on 14th March, 2017
- Appointment of Mr. Chand Bihari Patodia as the Managing Director of the Company in the Annual General Meeting held on 22nd September, 2017

No Special Resolution was passed last year through postal ballot. Further no special resolution to be conducted through postal ballot.

8. Means of Communication

The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within two months from the close of the financial year as per the requirements of the Listing Regulations with the Stock Exchanges. The aforesaid financial results are sent to BSE Ltd (BSE) and The National Stock Exchange of India Ltd (NSE) where the Company's securities are listed, immediately after these are approved by the Board and also published in 'Business Standard', in English and Hindi in Lughnow, Kolkata and Mumbai edition.

- The quarterly results, shareholding pattern, corporate governance reports, intimation of Board meetings, etc. are filed with the stock exchanges through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre.
- The Annual Report of the Company, the quarterly/half yearly and annual financial results are simultaneously posted on the Company's website www.birla-sugar.com and can be downloaded.
- Email id earmarked for redressing Investor queries is palashinvestors@birla-sugar.com.
- Presentation made to any Institutional Investor or to any Analysts, if any during the period under review are made available on the above website.

9. General Shareholders' Information

i) 4th Annual General Meeting

| | |
|-------|---|
| Day | : Monday |
| Date | : 24th September, 2018 |
| Time | : 10.30 a.m. |
| Venue | : Registered Office of the Company at P.O. Hargaon, Dist. Sitapur, Uttar Pradesh - 261 121 |

ii) Tentative Financial Calendar for the year 2018-19

| | |
|--|----------------------------------|
| Approval of Audited Annual Results (2017-18) | 8th May, 2018 |
| First Quarter Results | On or before 14th August, 2018 |
| Second Quarter Results | On or before 14th November, 2018 |
| Third Quarter Results | On or before 14th January, 2019 |
| Audited Annual Results (2018-19) | On or before 30th May, 2019 |

iii) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from the 18th September, 2018 (Tuesday), to 24th September, 2018 (Monday) (both days inclusive).

iv) Dividend Payment Date

The Board of Director do not recommend any dividend for the period under review.

v) Listing on Stock Exchanges and Stock Codes

The names of the Stock Exchanges at which the Equity Shares of the Company are listed and the respective stock codes are as under:

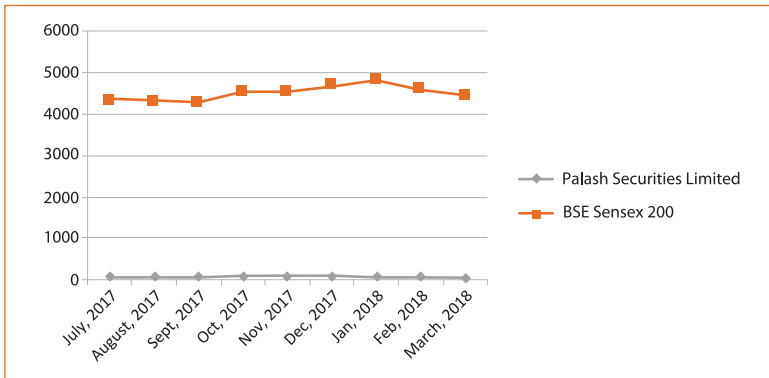
| Name and Address of the Stock Exchanges | Stock Code/ Scrip Code | ISIN Number for NSDL/CDSL (Dematerialised Shares) |
|--|------------------------|---|
| BSE Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001 | 540648 | INE471W01017 |
| National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400051 | PALASHSECU | |

vi) Market Price data

The Equity Shares of the Company were listed and traded with effect from July 28, 2017. Monthly high/low of market price of the Company's Equity Shares traded on BSE Ltd. and National Stock Exchange of India Ltd. during the last financial year was as follows:

| Month | BSE Ltd. | | National Stock Exchange of India Ltd. | |
|-----------------|----------|-------|---------------------------------------|-------|
| | High ₹ | Low ₹ | High ₹ | Low ₹ |
| July, 2017 | 56.35 | 50.5 | 56.75 | 49 |
| August, 2017 | 73.95 | 53.6 | 74.75 | 53.95 |
| September, 2017 | 88.7 | 70.15 | 88 | 70.05 |
| October, 2017 | 96.05 | 71.2 | 94.55 | 69.5 |
| November, 2017 | 100 | 80.6 | 102.9 | 80.85 |
| December, 2017 | 94 | 79 | 93.75 | 77.9 |
| January, 2018 | 91.35 | 71.6 | 91.9 | 72.5 |
| February, 2018 | 78.5 | 67.55 | 78 | 67.75 |
| March, 2018 | 72 | 47.6 | 74.25 | 48.3 |

vii) Performance of Company's Equity Shares in comparison to BSE Sensex and BSE 200



The shares of the company were never suspended.

viii) Registrar & Share Transfer Agent

The Company has appointed Link Intime India Pvt. Ltd. as its Registrar & Share Transfer Agent (RTA) for handling work related to share registry in terms of both physical and electronic modes. Accordingly, all correspondence, shares for transfer demat/remat requests and other communication in relation thereto should be mailed/hand delivered to the said RTA directly at the following address:

Link Intime India Pvt. Ltd.

Unit: Palash Securities Limited

59C, Chowringhee Road, 3rd Floor

Kolkata - 700 020

Tel: 91 033 2289 0540 / Fax : 91 033 2289 0539

E-mail: kolkata@linkintime.co.in

ix) Share Transfer System

The Board of Directors have authorised the Secretary to approve transfer/transmission of upto 1,000 shares. After the requests for transfer/transmission of above 1000 shares in physical form shall be approved by the Stakeholders' Relationship Committee and sent to the Registrar & Share Transfer Agent for completing the necessary procedural formalities and dispatch to the shareholders.

x) Distribution of Shareholding

a) Equity Share Capital History

The Paid up Capital of the Company consists of 1,00,03,102 Equity shares of Rs. 10/- each fully paid up and allotted as under:

| Date of Allotment | No. of share | Issue Price (Rs pere share) |
|-------------------|--------------|-----------------------------|
| 30.03.2017 | 10003102 | 10 |

b) The Distribution of Shareholding as on 31st March, 2018 was as follows:

| No. of Equity Shares | No. of share holders | % of total shareholder | No. of shares held | % of total shares |
|----------------------|----------------------|------------------------|--------------------|-------------------|
| 1 -500 | 9623 | 92.67 | 738521 | 7.38 |
| 501 - 1000 | 339 | 3.26 | 252179 | 2.52 |
| 1001 – 2000 | 213 | 2.05 | 312944 | 3.13 |
| 2001 – 3000 | 61 | 0.59 | 150076 | 1.50 |
| 3001 – 4000 | 30 | 0.29 | 103755 | 1.04 |
| 4001 – 5000 | 14 | 0.13 | 61805 | 0.62 |
| 5001 – 10000 | 40 | 0.39 | 292266 | 2.92 |
| 100001 and above | 64 | 0.62 | 8091556 | 80.89 |
| Total | 10384 | 100 | 10003102 | 100 |

c) Detail of Shareholding pattern of the Company as on 31st March, 2018 was as follows:

| Category | No. of Shares held | % of Shareholding |
|--|--------------------|-------------------|
| Promoters | 6165682 | 61.64 |
| Mutual Funds, Financial Institutions, Banks, Insurance Companies, etc. | 395770 | 3.96 |
| Bodies Corporate | 402702 | 4.03 |
| Indian Public | 2972410 | 29.71 |
| NRIs / OCBs / FIIs / Foreign Nationals/Clearing Members | 66538 | 0.67 |
| Total | 10003102 | 100 |

xi) Dematerialisation of Shares and Liquidity

The Equity Shares of the Company are in compulsorily dematerialised form at all the stock exchanges viz. BSE Ltd. and The National Stock Exchange of India Ltd. under depository systems at both the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited. 99,27,658 Equity Shares viz. 99.25% of the Equity Share Capital of the Company have already been dematerialized.

xii) Outstanding GDRs /ADRs/Warrants or Convertible Instrument

The Company has never issued GDRs/ ADRs/Warrants or any other Convertible Instrument.

xiii) Commodities price risk or foreign exchange risk and hedging :

Not Applicable

xiv) Address for Correspondence:

**The Company Secretary,
Palash Securities Limited**
9/1, R.N. Mukherjee Road
5th Floor, Birla Building
Kolkata - 700 001
India
Tel : 91 - 033 - 2243 0497/8
Fax : 91 - 033 - 2248 6369
e-mail: palashsec@birla-sugar.com

**Link Intime India Pvt. Ltd.
Unit : Palash Securities Limited**
59C, Chowringhee Road
3rd Floor
Kolkata - 700 020
India
Tel : 91-033-2289 0540
Fax : 91-033-2289 0539
e-mail: kolkata@linkintime.co.in

xv) Transfer of unpaid/unclaimed dividend amounts to Investor Education and Protection Fund

The Company is not required to credit any sum to the Investor Education and Protection Fund (IEPF) pursuant to Section 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority(Accounting, Audit, Transfer and Refund) Rules, 2016.

10. CEO and CFO Certification

The Managing Director and the Chief Financial Officer of the Company have certified that all the requirements of the Listing Regulations inter-alia, dealing with the review of financial statements and cash flow statements for the year ended 31st March, 2018, transactions entered into by the Company during the said year, their financial reporting and evaluation of the effectiveness of the internal control system and making necessary disclosures to the auditors and the audit committee have been duly complied with.

11. Information About Directors Seeking Appointment/Re- Appointment

The details of Directors seeking appointment/re- appointment is given in the Annexure to the Notice, under the head Particulars of Directors seeking appointment/re-appointment at the Annual General Meeting.

12. Prevention of Insider Trading

The Company has in place a Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders as envisaged under the SEBI (Prohibition of Insider Trading) Regulations, 2015 for its promoters, employees and directors including the Chairperson and Managing Director. The Company also has in place Code of Practice and procedure for Fair Disclosure of Unpublished Price Sensitive Information. This Code is available on Company's website at www.birla-sugar.com. The Code ensures the prevention of dealing in Company's shares / securities by persons having access to unpublished price sensitive information. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

13. Code of Conduct & Ethics

The Company has also adopted a Code of Conduct and Ethics (Code) for the members of Board of Directors, Key Managerial Personnel and Senior Management Personnel of the Company to follow. The Code is posted on the website of the Company at www.birla-sugar.com. The essence of the Code is to conduct the business of the Company in an honest and ethical manner, in compliance with applicable laws and in a way that excludes considerations of personal advantage. All Directors, Key Managerial Personnel and Senior Management Personnel have affirmed their compliance with the Code, and a declaration to this effect, signed by the Wholetime Director, is attached to this report and which forms an integral part of this report.

14. Legal Compliances

The Board reviews periodically compliance reports of all laws applicable to the Company, prepared by the Company Secretary which is duly supported by the legal compliance report of the internal auditors and heads of different units. The Board also reviews periodically the steps taken by the Company to rectify instances of non compliances, if there be any.

15. Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified practising Company Secretary carries out an audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the Report thereon is submitted to the concerned Stock Exchanges. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

16. Secretarial Standards Issued by the Institute of Company Secretaries of India (ICSI)

The Institute of Company Secretaries of India (ICSI), one of the premier professional bodies in India, has issued Secretarial Standards on Board Meetings and General Meetings and the same have become effective from July 01, 2015. Further, pursuant to Section 118(10) of the Companies Act, 2013, every company shall observe secretarial standards specified by ICSI with respect to Board and General Meetings. The Company confirms that it has duly adhered to the said Secretarial Standards.

17. Secretarial Audit

The Secretarial Auditor appointed by the Company undertook the Secretarial Audit of records and documents in accordance with Section 204 of the Companies Act, 2013 and the Rules made thereunder. The Secretarial Audit Report confirms that the Company has complied inter alia with all the applicable provisions of the Companies Act, 1956 (as applicable), Companies Act, 2013 and the Rules made thereunder, Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India), Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of the Securities and Exchange Board of India (SEBI) as applicable to the Company, including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Prohibition of Insider Trading) Regulations, 2015, the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. The Secretarial Audit Report for the financial year ended 31st March, 2018 is provided in the Annual Report.

18. Disclosures

- i) There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large. Transaction with Related Parties is disclosed in Note No. 19 of the Accounts in the Annual Report.
- ii) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets for non-compliance by the Company during the last three years.
- iii) The Company has in place the Whistle Blower Policy and no personnel has been denied access to the Audit Committee.
- iv) The Company has complied with all the applicable mandatory requirements.
- v) In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provision of the Companies Act, 1956 read with General Circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

19. Discretionary Requirements

- a) **Chairperson of the Board:** Whether Non-Executive Chairperson is entitled to maintain a Chairperson's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties

Yes, the Company do provide for maintainance of Chairperson office at the Company's expense.

- b) **Shareholder rights:** A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders

Since quarterly, half-yearly and annual results of the Company are published in a leading English daily newspaper having a nationwide circulation and a Bengali daily newspaper (having circulation in Kolkata) and regularly hosted on Company's website, these are not sent individually to the shareholders of the Company. There is no declaration/publication of second half yearly results as the audited annual results are taken on record by the Board and then communicated to the shareholders through the Annual Report. The Annual Report of the Company for the financial year 2017- 18 shall be emailed to the Members whose email addresses are available with the depositories or are obtained directly from the Members, as per Section 136 of the Companies Act, 2013 and Rule 11 of the Companies (Accounts) Rules, 2014. For other Members, who have not registered their email addresses, the Annual Report shall be sent at their registered address. If any Member wishes to get a duly printed copy of the Annual Report, the Company shall send the same, free of cost, upon receipt of request from the Member.

The Company communicates with shareholders through e-mail, telephone and one on one meetings either in shareholder's conferences, Company visits etc.

- c) **Modified opinion(s) in audit report :** Company may move towards a regime of unmodified financial statements
It is always the Company's endeavour to present unmodified financial statements. There is no audit modification in the Company's financial statements for the year ended on 31st March, 2018.
- d) **Separate posts of Chairperson and CEO:** The Company may appoint separate persons to the post of Chairman and Managing Director/CEO
The positions of Chairperson and Chief Executive Officer (CEO) are separate.

- e) **Reporting of Internal Auditor** : The Internal Auditor may report directly to the Audit Committee
The Internal Auditor of the Company shall report the audit findings to the Audit Committee. The Internal Auditor is an invitee to the Audit Committee Meetings and regularly attends the Meetings for reporting audit findings to the Audit Committee.

20. Web Links to Company Policies and Programmes

1. **Related Party Transaction Policies**
<http://www.birla-sugar.com/Assets/Palash/Palash-Securities-Related-Party-Transaction-Policy.pdf>
2. **Policy for determining Material Subsidiaries**
<http://birla-sugar.com/Assets/Palash/Palash-Securities-Policy-for-Determining-Material-Subsidiaries.pdf>
3. **Code of Conduct**
<http://birla-sugar.com/Assets/Palash/Palash-Securities-Code-of-Conduct.pdf>
4. **Policy on Determination of Materiality**
<http://www.birla-sugar.com/Assets/Palash/Palash-Securities-Policy-on-Determination-of-Materiality.pdf>
5. **Policy on preservation of documents including archival**
<http://www.birla-sugar.com/Assets/Palash/Palash-Securities-Policy-on-preservation-of-documents-including-archival.pdf>
6. **Whistle Blower Policy**
<http://www.birla-sugar.com/Assets/Palash/Palash-Securities-Whistle-Blower-Policy.pdf>
7. **Familiarisation Programme**
<http://www.birla-sugar.com/Assets/Palash/FAMILARIZATION-PROGRAMME-FOR-INDEPENDENT-DIRECTORS.pdf>

21. Disclosure of Compliance With Corporate Governance Requirements Specified In Regulation 17 To 27 And Clauses (B) To (I) Of Sub Regulation (2) Of Regulation 46

Pursuant to Schedule V of SEBI Listing Regulations, 2015, the Company hereby confirms that it has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) inter-alia covering the following subject matter/heads:

- i) Board of Directors
- ii) Audit Committee
- iii) Nomination and Remuneration Committee
- iv) Stakeholders' Relationship Committee
- v) Risk Management Committee – Not Applicable
- vi) Vigil Mechanism
- vii) Related Party Transactions
- viii) Corporate governance requirements with respect to subsidiary of Company
- ix) Obligations with respect to Independent Directors
- x) Obligations with respect to Directors and senior management
- xi) Other Corporate governance requirements as stipulated under the Regulations
- xii) Dissemination of various information on the website of the Company w.r.t clauses (b) to (i) of Regulation 46(2).

Annexure C

Certificate on Code of Conduct

To
The Members
Palash Securities Limited
P.O. Hargaon, Dist - Sitapur
U.P – 261 121

Pursuant to Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I Chand Bihari Patodia, Managing Director of Palash Securities Limited, declare that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct during the financial year 2017-18.

Place: Kolkata
Date: 8th May, 2018

Chand Bihari Patodia
Managing Director

Annexure D

Independent Auditor's Report on Corporate Governance

To
The Members of
Palash Securities Limited

We have examined the compliance of conditions of Corporate Governance by **Palash Securities Limited** ("the Company") for the year ended on 31st March, 2018 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company (the Company has been listed and admitted for trading w.e.f.28th July, 2017).

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2018.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Kolkata
Date: 8th May, 2018.

For, **Agrawal Subodh & Co.**
Chartered Accountants
Firm's Registration No – 319260E

Subodh Kumar Agrawal
Partner
Membership No. – 054670

Annexure E

Nomination and Remuneration Policy

Introduction:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and Senior Management Personnel of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel has been formulated and approved by the Board of Directors.

Objective and Purpose of the Policy

The objective and purpose of this policy are:

- To lay down criteria, terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Key Managerial positions and Senior Management and to determine their remuneration.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director
- To determine remuneration based on the Company's size, financial position, trends and practices on remuneration prevailing in peer companies, in the like industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Constitution of the Nomination and Remuneration Committee:

The Board of Directors at its meeting held on 30th March, 2017, in order to align with the requirements of Companies Act, 2013, had constituted the Nomination and Remuneration Committee comprising of non - executive directors and independent directors.

Definitions

“**Board**” means Board of Directors of the Company.

“**Directors**” means Directors of the Company.

“**Committee**” means Nomination and Remuneration Committee of the Company as constituted by the Board.

“**Company**” means Palash Securities Limited.

“**Independent Director**” means a director referred to in Section 149 (6) of the Companies Act, 2013.

“**Key Managerial Personnel (KMP)** means” -

- a) Executive Chairman and / or Managing Director;
- b) Whole-time Director;
- c) Chief Financial Officer;
- d) Company Secretary;
- e) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

“**Senior Management Personnel**” means personnel of the Company occupying the position of Executive President of any Unit and/or personnel of the company who are members of its core management and which include members of management one level below the executive directors. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

Applicability

The Policy is applicable to

- a. Directors (Executive and Non-Executive including Independent)
- b. Key Managerial Personnel
- c. Senior Management Personnel

General

This Policy is divided in three parts: Part – A covers the matters to be dealt with and recommended by the Committee to the Board, Part – B covers the appointment and nomination and Part – C covers remuneration and perquisites etc.

PART – A

Matters to be dealt with, perused and Recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

1. Evaluate the current composition and organization of the Board and its committees in light of requirements established by any Regulatory Body or any other applicable statute, rule or regulation which the Committee deems relevant and to make recommendations to the Board with respect to the appointment, re-appointment and resignation of Independent, Executive and Non-Executive Directors of the Company;
2. Review the composition and size of the Board in order to ensure that the Board is comprised of members reflecting the proper expertise, skills, attributes and personal and professional backgrounds for service as a Director of the Company, as determined by the Committee;
3. Review and recommend to the Board an appropriate course of action upon the resignation of current Board members, or any planned expansion of the Board, and review the qualifications, experience and fitness for service on the Board of any potential new members of the Board;
4. Ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
5. Ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
6. Ensure that remuneration to Directors, Key Managerial Personnel (KMPs) and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
7. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel (KMPs) and other employees of the Company;
8. Formulate the criteria for evaluation of Independent Directors and the Board;
9. Formulate, administer and supervise the Company's Stock Option schemes, if any, in accordance with relevant laws;
10. Identify the persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
11. Deal with such matters as may be referred to by the Board of Directors from time to time;

PART – B

Policy for Appointment and Removal of Director, Key Managerial Personnel and Senior Management

Guiding principles

The guiding principle is that the while determining qualification, positive attributes and other criteria's, the remuneration and the other terms of employment shall be competitive in order to ensure that the Company can attract and retain competent Executives.

- When determining the remuneration policy and arrangements for Executive Directors/ KMP's and Senior Management personnel, the Remuneration Committee considers pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context.
- The Committee while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.

- The Committee while considering a remuneration package must ensure a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- The Committee considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

Appointment Criteria and Qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. The Committee, along with the Board, shall review on an annual basis, appropriate skills, characteristics and experience required of a Board Member. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's operations.
3. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements possessed by a person is sufficient / satisfactory for the concerned position.
4. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term / Tenure:

1 Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman/Chairperson, Managing Director or Executive Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director:

An Independent Director shall hold office for a term as per the applicable laws prevailing from time to time. In accordance with the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval.

The Committee may also consider the report of evaluation carried out only by Independent Directors while reviewing the performance of non-independent directors and the board as whole.

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART – C

Policy Relating to the Remuneration for the Whole-Time Director, Kmp and Senior Management Personnel

General:

1. The remuneration / compensation / commission etc. to the Managing/Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director, wherever required.
4. Where any insurance is taken by the Company on behalf of its Managing/Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
5. Remuneration packages will be designed to attract high-calibre executives in a competitive global market and remunerate executives fairly and responsibly. The remuneration shall be competitive and based on the individual responsibilities and performance.
6. Remuneration is designed to motivate delivery of company's key business strategies, create a strong performance-orientated environment and reward achievement of meaningful targets over the short- and long-term.
7. The Executives may be entitled to customary non-monetary benefits such as company cars and company health care, telephone etc. In addition thereto in individual cases company housing and other benefits may also be offered.

Remuneration to Whole-Time / Executive / Managing Director, Key Managerial Personnel and Senior Management Personnel:

1. Fixed pay:

The Managing/Whole-time Director / Key Managerial Personnel and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing/Whole-time Director in accordance with the applicable provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. Provisions for excess remuneration:

If any Managing/Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non- Executive / Independent Director:

1. Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof in terms of applicable provisions of the Companies Act, 2013.

3. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

Interpretation

In any circumstance where the terms of this policy differs from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time this policy is changed / amended to conform to the law, rule, regulation and standard.

Disclosure

Information on the total remuneration of members of the Company's Board of Directors, Executive Board of Management and senior management may be disclosed in the Company's annual financial statements. This includes any deferred payments and extraordinary contracts during the preceding financial year.

Dissemination

The Company's Nomination and Remuneration Policy shall be published on its website.

Annexure F Secretarial Audit Report

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Palash Securities Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Palash Securities Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company (as specified in Annexure- A1, hereinafter referred to as "Books and Papers") and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books and Papers maintained by the Company for the Audit Period according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. SEBI (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - d. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and rules made thereunder;
 - e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");
 - f. The Securities and Exchange Board of India (Issue of Capital & Disclosure Requirement) Regulations, 2009;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - h. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;
 - i. The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
 - j. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
6. Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:
 - a. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
 - b. all other Labour, Employee and Trade Laws to the extent applicable to the Company.
7. We have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 as issued by the Institute of Company Secretaries of India, Listing Agreement entered into by the Company with the Stock Exchanges.
During the Audit period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above.

Management Responsibility:

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;

2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company or examined any books, information or statements other than Books and Papers;
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc;
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Women Director and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Resolutions have been approved by majority while the dissenting members' if any, views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period, the Company has not incurred any specific event/ action that can have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **Vinod Kothari & Company**
Practising Company Secretaries

Arun Kumar Maitra

Partner

ACS: 3010

C.P. No.: 14490

Place: Kolkata
Date: 07.05.2018

ANNEXURE - A1

List of Documents

1. Corporate Matters;
 - 1.1 Minutes books of the following Meetings were provided:
 - 1.1.1 Board Meeting
 - 1.1.2 General Meeting
 - 1.1.3 Audit Committee
 - 1.1.4 Nomination and Remuneration Committee
 - 1.1.5 Stakeholder Relationship Committee
 - 1.2 Annual Report (2016-17);
 - 1.3 Agenda papers for Board Meeting along with Notice;
 - 1.4 Financial Results up to March 31, 2018;
 - 1.5 Memorandum and Articles of Association;
 - 1.6 Disclosures under the Act, 2013 ;
 - 1.7 Policies framed under the Act, 2013 and the Listing Regulations, 2015;
 - 1.8 Forms and returns filed with the ROC ;
 - 1.9 Registers maintained under Act, 2013 ;
 - 1.10 Disclosures under Act, 2013 and Listing Regulations.

Annexure G

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details

| | |
|---|---|
| CIN | L74120UP2015PLC069675 |
| Registration Date | 23-03-2015 |
| Name of the Company | PALASH SECURITIES LIMITED |
| Category / Sub-Category of the Company | Company limited by shares, Indian Non-Government Company |
| Address of the Registered office and contact details | P.O. Hargaon, Dist – Sitapur, Uttar Pradesh – 261 121 Tel No : 05862 256 220 |
| Whether listed company Yes / No | No |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Pvt. Ltd. 59C, Chowringhee Road 3rd Floor Kolkata - 700 020 India Tel : 91-033-2289 0540 Fax : 91-033-2289 0539 e-mail: kolkata@linkintime.co.in |

II. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| SI. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1 | Other financial service activities, except in insurance and pension funding activities | 649 | 2.68 |
| 2. | Real Estate Activities | 681 | 97.32 |

III. Particulars of Holding, Subsidiary and Associate Companies

| SI. No. | Name and Address of the Company | CIN/GLN | Holding/Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---------------------------------------|-----------------------|-------------------------------|------------------|--------------------|
| 1. | Hargaon Investment & Trading Co. Ltd. | U67120WB1986PLC041679 | Subsidiary | 100% | 2(87) |
| 2. | Champan Marketing Co. Ltd. | U15424WB1951PLC019451 | Subsidiary | 100% | 2(87) |
| 3. | OSM Investment & Trading Co. Ltd. | U67120WB1986PLC041677 | Subsidiary | 100% | 2(87) |
| 4. | Hargaon Properties Limited | U70101WB2003PLC097280 | Subsidiary | 100% | 2(87) |
| 5. | Allahabad Canning Limited | U15122UP2015PLC069645 | Subsidiary | 100% | 2(87) |

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares at the end of the year | | | % change during the year | |
|---|---|--------------|------------------|-------------------|--------------------------------------|--------------|------------------|--------------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | % change during the year |
| Promoter and Promoter Group | | | | | | | | | |
| Indian | | | | | | | | | |
| Individuals/Hindu Undivided Family | 32,635 | - | 32,635 | 0.33 | 32,635 | - | 32,635 | 0.33 | - |
| Central Government/State Government(s) | - | - | - | - | - | - | - | - | - |
| Bodies Corporate | 61,33,047 | - | 61,33,047 | 61.31 | 61,33,047 | - | 61,33,047 | 61.31 | - |
| Financial Institutions/Banks | - | - | - | - | - | - | - | - | - |
| Any Other (Total) | - | - | - | - | - | - | - | - | - |
| Sub-Total (A)(1) | 61,65,682 | - | 61,65,682 | 61.64 | 61,65,682 | - | 61,65,682 | 61.64 | - |
| Foreign | | | | | | | | | |
| Individuals (Non-Resident Individuals/Foreign Individuals) | - | - | - | - | - | - | - | - | - |
| Bodies Corporate | - | - | - | - | - | - | - | - | - |
| Institutions | - | - | - | - | - | - | - | - | - |
| Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| Any Other (Total) | - | - | - | - | - | - | - | - | - |
| Sub-Total (A)(2) | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 61,65,682 | - | 61,65,682 | 61.64 | 61,65,682 | - | 61,65,682 | 61.64 | - |
| Public shareholding | | | | | | | | | |
| Institutions | | | | | | | | | |
| Mutual Funds/UTI | - | 1,293 | 1,293 | 0.01 | - | 1,293 | 1,293 | 0.013 | - |
| Financial Institutions/Banks | 7,415 | 244 | 7,659 | 0.08 | - | 244 | 244 | 0.002 | (0.078) |
| Central Government/State Government(s) | - | - | - | - | - | - | - | - | - |
| Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| Insurance Companies | 3,94,229 | 4 | 3,94,233 | 3.94 | 3,94,229 | 4 | 3,94,233 | 3.94 | - |
| Foreign Institutional Investors | - | - | - | - | - | - | - | - | - |
| Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| Any Other (Total) | - | - | - | - | - | - | - | - | - |
| Sub-Total (B)(1) | 4,01,644 | 1,541 | 4,03,185 | 4.03 | 3,94,229 | 1,541 | 3,95,770 | 3.955 | - |

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)(Contd.)

i) Category-wise Shareholding (Contd.)

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares at the end of the year | | | % change during the year | |
|---|---|---------------|--------------------|-------------------|--------------------------------------|---------------|--------------------|--------------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | % change during the year |
| Non-institutions | - | - | - | - | - | - | - | - | - |
| Bodies Corporate | 7,25,154 | 1,105 | 7,26,259 | 7.26 | 4,01,596 | 1,106 | 4,02,702 | 4.026 | - |
| Individuals - i. Individual | | | | | | | | | |
| Shareholders Holding Nominal Share Capital Up To >Rs. 1 Lakh. | 20,90,695 | 76,050 | 21,66,745 | 21.66 | 23,34,293 | 72,543 | 24,06,836 | 24.06 | - |
| Individuals - ii. Individual Shareholders Holding Nominal Share Capital In Excess Of Rs. 1 Lakh | 2,06,501 | - | 2,06,501 | 2.06 | 4,40,949 | - | 4,40,949 | 4.41 | - |
| Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| Clearing Member | 1,39,869 | - | 1,39,869 | 1.40 | 21050 | 1 | 21051 | 0.210 | - |
| Market Maker | - | - | - | - | - | - | - | - | - |
| Directors/Relatives | - | - | - | - | - | - | - | - | - |
| Foreign Company | - | - | - | - | - | - | - | - | - |
| Foreign National | 144 | 252 | 396 | 0.01 | 144 | 252 | 396 | 0.004 | - |
| HUF | 14,1175 | - | 14,1175 | 1.41 | 124483 | 1 | 124484 | 1.245 | - |
| Non Resident Indians (Non Repat) | 8,583 | - | 8,583 | 0.09 | 7688 | - | 7688 | 0.077 | - |
| Non Resident Indians (Repat) | 44,566 | - | 44,566 | 0.45 | 37403 | - | 37403 | 0.374 | - |
| Office Bearers | - | - | - | - | - | - | - | - | - |
| Trust | 141 | - | 141 | 0.00 | 141 | - | 141 | 0.001 | - |
| Sub-Total (B)(2) | 33,56,828 | 77,047 | 34,34,235 | 34.33 | 33,67,747 | 73,903 | 34,41,650 | 34.4074 | - |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 37,58,472 | 78,948 | 38,37,420 | 38.36 | 37,61,976 | 75,444 | 38,37,420 | 38.3624 | - |
| TOTAL (A)+(B) | 99,24,154 | 78,948 | 1,00,03,102 | 100.00 | 99,27,658 | 75,444 | 1,00,03,102 | 100.00 | - |
| Shares held by Custodians and against which Depository Receipts have been issued | - | - | - | - | - | - | - | - | - |
| Promoter and Promoter Group | - | - | - | - | - | - | - | - | - |
| Public | - | - | - | - | - | - | - | - | - |
| GRAND TOTAL (A)+(B)+(C) | 99,24,154 | 78,948 | 1,00,03,102 | 100.00 | 99,27,658 | 75,444 | 1,00,03,102 | 100.00 | - |

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)(Contd.)

ii) Shareholding of Promoters

| Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | No of Shares | % of total shares of the Company | % of shares pledged/encumbered to total shares | No of Shares | % of total shares of the Company | % of shares pledged/encumbered to total shares | |
| Nandini Nopany | 4,167 | 0.04 | - | 4,167 | 0.04 | - | - |
| Chandra Shekhar Nopany | 28,468 | 0.28 | - | 28,468 | 0.28 | - | - |
| Uttar Pradesh Trading Co. Ltd. | 12,83,234 | 12.83 | - | 12,83,234 | 12.83 | - | - |
| SCM Investment & Trading Co. Ltd. | 10,78,958 | 10.79 | - | 10,78,958 | 10.79 | - | - |
| New India Retailing And Investment Ltd. | 10,71,532 | 10.71 | - | 10,71,532 | 10.71 | - | - |
| RTM Investment And Trading Co. Ltd. | 9,04,951 | 9.05 | - | 9,04,951 | 9.05 | - | - |
| GMB Investments Private Limited | 3,81,345 | 3.81 | - | 3,81,345 | 3.81 | - | - |
| Ronson Traders Limited | 3,27,575 | 3.27 | - | 3,27,575 | 3.27 | - | - |
| Sidh Enterprises Ltd. | 3,06,658 | 3.07 | - | 3,06,658 | 3.07 | - | - |
| Sonali Commercial Ltd. | 2,57,658 | 2.58 | - | 2,57,658 | 2.58 | - | - |
| Yashovardhan Investment & Trading Co. Ltd. | 2,00,161 | 2.00 | - | 2,00,161 | 2.00 | - | - |
| Deepshikha Trading Co. Private Limited | 1,77,784 | 1.78 | - | 1,77,784 | 1.78 | - | - |
| Uttam Commercial Ltd. | 1,17,643 | 1.18 | - | 1,17,643 | 1.18 | - | - |
| Rajpur Farms Limited | 15,315 | 0.15 | - | 15,315 | 0.15 | - | - |
| Narkatiaganj Farms Limited | 9,756 | 0.10 | - | 9,756 | 0.10 | - | - |
| The Oudh Trading Co. (P) Ltd. | 477 | 0.00 | - | 477 | 0.00 | - | - |

Note: Chandra Shekhar Nopany, Trustee of Shruti Family Trust (Promoter Group) and Chandra Shekhar Nopany, Trustee of Shekhar Family Trust (Promoter Group) had acquired 258 equity shares and 10 equity shares respectively on 27th March, 2018 and were credited in the acquirer's demat account on 3rd April, 2018. Therefore, the same did not reflect in the Company's shareholding pattern for the quarter ended 31st March, 2018.

iii) Change in Promoters' Shareholding

| | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------------------------------|---|----------------------------------|---|----------------------------------|
| | No of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| At the beginning of the year | 61,65,682 | 61.64 | - | - |
| Changes during the year | - | - | - | - |
| At the end of the year | - | - | 61,65,682 | 61.64 |

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)(Contd.)

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | Name | Shareholding at the beginning/at the end of the year | | Transaction During the Year | | | Cumulative Shareholding during the year | | | |
|---------|--|---|----------------------------------|-----------------------------|--------|--------------|---|----------------------------------|--------|--------|
| | | No. of shares | % of total shares of the company | Date | Reason | No. of Share | No. of shares | % of total shares of the company | | |
| 1. | Zaki Abbas Nasser | At the beginning of the year - 2017 | | 0 | 0 | | | | | |
| | | Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc): | | | | 02.06.17 | Purchase | 48600 | 48600 | 0.4858 |
| | | | | | | 04.08.17 | Purchase | 180000 | 228600 | 2.2853 |
| | | | | | | 18.08.17 | Purchase | 47000 | 275600 | 2.7551 |
| | | | | | | 25.08.17 | Purchase | 73000 | 348600 | 3.4849 |
| | | | | | | 08.09.17 | Sale | (28600) | 320000 | 3.1990 |
| | | | | | | 15.09.17 | Purchase | 20000 | 340000 | 3.3989 |
| | | | | | | 20.10.17 | Purchase | 10000 | 350000 | 3.4989 |
| | | | | | | 27.10.17 | Sale | (20000) | 330000 | 3.2990 |
| | | | | | | 05.01.18 | Purchase | 10000 | 340000 | 3.3989 |
| | | At the End of the year - 2018 | | 340000 | 3.3989 | | | | | |
| 2. | Life Insurance Corporation of India | At the beginning of the year - 2017 | | 0 | 0 | | | | | |
| | | Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc): | | | | 02.06.17 | Purchase | 317536 | 317536 | 3.1744 |
| | | | | | | 09.06.17 | Purchase | 1 | 317537 | 3.1744 |
| | | At the End of the year - 2018 | | 317537 | 3.1744 | | | | | |
| 3. | Porinju V Veliyath | At the beginning of the year - 2017 | | 0 | 0 | | | | | |
| | | Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc): | | | | 11.08.17 | Purchase | 50000 | 50000 | 0.4998 |
| | | | | | | 18.08.17 | Purchase | 50949 | 100949 | 1.0092 |
| | | At the End of the year - 2018 | | 100949 | 1.0092 | | | | | |
| 4. | Earthstone Holding (Two) Private Limited | At the beginning of the year - 2017 | | 0 | 0 | | | | | |
| | | Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc): | | | | 02.06.17 | Purchase | 95983 | 95983 | 0.9595 |
| | | | | | | 09.06.17 | Purchase | 1 | 95984 | 0.9595 |
| | | At the End of the year - 2018 | | 95984 | 0.9595 | | | | | |
| 5. | The New India Assurance Company Limited | At the beginning of the year - 2017 | | 0 | 0 | | | | | |
| | | Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc): | | | | 02.06.17 | Purchase | 71615 | 71615 | 0.7159 |
| | | | | | | 09.06.17 | Purchase | 1 | 71616 | 0.7159 |
| | | At the End of the year - 2018 | | 71616 | 0.7159 | | | | | |

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)(Contd.)

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)

| Sl. No. | Name | Shareholding at the beginning/at the end of the year | | Transaction During the Year | | | Cumulative Shareholding during the year | |
|---------|------|--|----------------------------------|-----------------------------|----------|--------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | Date | Reason | No. of Share | No. of shares | % of total shares of the company |
| | | 0 | 0 | | | | | |
| | | At the beginning of the year - 2017 | | | | | | |
| | | | | 08.09.17 | Purchase | 21000 | 21000 | 0.2099 |
| | | | | 15.09.17 | Purchase | 2000 | 23000 | 0.2299 |
| | | | | 22.09.17 | Purchase | 15696 | 38696 | 0.3868 |
| | | | | 29.09.17 | Purchase | 6439 | 45135 | 0.4512 |
| | | | | 13.10.17 | Purchase | 10666 | 55801 | 0.5578 |
| | | | | 27.10.17 | Purchase | 39 | 55840 | 0.5582 |
| | | | | 03.11.17 | Sale | (1000) | 54840 | 0.5482 |
| | | | | 16.02.18 | Purchase | 172 | 55012 | 0.5499 |
| | | | | 02.03.18 | Purchase | 314 | 55326 | 0.5531 |
| | | | | 09.03.18 | Purchase | 2620 | 57946 | 0.5793 |
| | | | | 23.03.18 | Purchase | 571 | 58517 | 0.5850 |
| | | | | 31.03.18 | Purchase | 8000 | 66517 | 0.6650 |
| | | 66517 | 0.6650 | | | | | |
| | | At the End of the year - 2018 | | | | | | |
| | | 0 | 0 | | | | | |
| | | At the beginning of the year - 2017 | | | | | | |
| | | | | 22.09.17 | Purchase | 1000 | 1000 | 0.0100 |
| | | | | 29.09.17 | Purchase | 4250 | 5250 | 0.0525 |
| | | | | 20.10.17 | Purchase | 15000 | 20250 | 0.2024 |
| | | | | 27.10.17 | Purchase | 5100 | 25350 | 0.2534 |
| | | | | 03.11.17 | Purchase | 17884 | 43234 | 0.4322 |
| | | | | 10.11.17 | Purchase | 9627 | 52861 | 0.5284 |
| | | | | 17.11.17 | Purchase | 139 | 53000 | 0.5298 |
| | | | | 24.11.17 | Purchase | 8000 | 61000 | 0.6098 |
| | | 61000 | 0.6098 | | | | | |
| | | At the End of the year - 2018 | | | | | | |
| | | 0 | 0 | | | | | |
| | | At the beginning of the year - 2017 | | | | | | |
| | | | | 02.02.18 | Purchase | 5480 | 5480 | 0.0548 |
| | | | | 09.02.18 | Purchase | 3333 | 8813 | 0.0881 |
| | | | | 16.02.18 | Purchase | 3187 | 12000 | 0.1200 |
| | | | | 23.02.18 | Purchase | 1933 | 13933 | 0.1393 |
| | | | | 09.03.18 | Purchase | 9728 | 23661 | 0.2365 |
| | | | | 16.03.18 | Purchase | 7474 | 31135 | 0.3113 |
| | | | | 23.03.18 | Purchase | 6406 | 37541 | 0.3753 |
| | | | | 31.03.18 | Purchase | 15576 | 53117 | 0.5310 |
| | | 53117 | 0.5310 | | | | | |
| | | At the End of the year - 2018 | | | | | | |

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)(Contd.)

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)

| Sl. No. | Name | Shareholding at the beginning/at the end of the year | | Transaction During the Year | | | Cumulative Shareholding during the year | | |
|---------|-------------------------|---|----------------------------------|-----------------------------|----------|--------------|---|----------------------------------|--------|
| | | No. of shares | % of total shares of the company | Date | Reason | No. of Share | No. of shares | % of total shares of the company | |
| | | At the beginning of the year - 2017 | 0 | 0 | | | | | |
| 9. | Jeevan Kishore Bodepudi | Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc): | | | 08.09.17 | Purchase | 46000 | 46000 | 0.4599 |
| | | At the End of the year - 2018 | 46000 | 0.4599 | | | | | |
| | | At the beginning of the year - 2017 | 0 | 0 | | | | | |
| 10 | B.Lavanya . | Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc): | | | 19.05.17 | Purchase | 26820 | 26820 | 0.2681 |
| | | | | | 09.06.17 | Purchase | 1 | 26821 | 0.2681 |
| | | | | | 04.08.17 | Purchase | 5172 | 31993 | 0.3198 |
| | | | | | 11.08.17 | Purchase | 19966 | 51959 | 0.5194 |
| | | | | | 18.08.17 | Purchase | 41 | 52000 | 0.5198 |
| | | | | | 08.09.17 | Sale | (1526) | 50474 | 0.5046 |
| | | | | | 15.09.17 | Sale | (5000) | 45474 | 0.4546 |
| | | At the End of the year - 2018 | 45474 | 0.4546 | | | | | |

v) Shareholding of Directors and Key Managerial Personnel:

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| Mr. Chandra Shekhar Nopany, Chairperson | | | | |
| At the beginning of the year | 28,468 | 0.28 | - | - |
| Changes during the year (allotment pursuant to Composite Scheme of Arrangement) | - | - | - | - |
| At the end of the year | | | 28,468 | 0.28 |

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| Mrs. Shalini Nopany, Non-Executive Director | | | | |
| At the beginning of the year | - | - | - | - |
| Changes during the year | - | - | - | - |
| At the end of the year | - | - | - | - |

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)(Contd.)

v) Shareholding of Directors and Key Managerial Personnel: (Contd.)

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| Mr. Chand Bihari Patodia, Managing Director | | | | |
| At the beginning of the year | - | - | - | - |
| Changes during the year | - | - | - | - |
| At the end of the year | - | - | - | - |

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| Mr. Deepak Kumar Sharma, Chief Financial Officer | | | | |
| At the beginning of the year | - | - | - | - |
| Changes during the year | - | - | - | - |
| At the end of the year | - | - | - | - |

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| Ms. Mayuri Raja, Company Secretary | | | | |
| At the beginning of the year | - | - | - | - |
| Changes during the year | - | - | - | - |
| At the end of the year | - | - | - | - |

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | - | 95.00 | 95.00 |
| Reduction | - | - | - | - |
| Net Change | - | - | 95.00 | 95.00 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | - | 95.00 | 95.00 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not | - | - | - | - |
| Total (i+ii+iii) | - | - | 95.00 | 95.00 |

VI. Remuneration of Directors and Key Managerial Personnel

A) Remuneration to Managing Director, Whole-time Directors and/or Manager:

(In Rupees)

| SI No. | Particulars of Remuneration | Mr. Chand Bihari Patodia Managing Director | Total Amount |
|--------|---|--|--------------|
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | NIL | NIL |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | |
| 2 | Stock Options | | |
| 3 | Sweat Equity | | |
| 4 | Commission | | |
| | - As % of profit | | |
| | - As others specify | | |
| 5 | Others please specify | | |
| | Total (A) | NIL | NIL |

B) Remuneration to other Directors:

1. Independent Directors

(In Rupees)

| SI No. | Particulars of Remuneration | Name of Director | | | Total Amount |
|--------|--|------------------------|----------------------|---------------------|--------------|
| | | Mr. Chhedi Lal Agarwal | Mr. Arun Kumar Newar | Mr. Dinesh Kacholia | |
| | Fee for attending Board/Committee Meetings | 35000 | 35000 | 17500 | 87500 |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total B (1) | 35000 | 35000 | 17500 | 87500 |

2. Other Non-Executive Directors

(In Rupees)

| SI No. | Particulars of Remuneration | Mr. Chandra Shekhar Nopany | Mrs. Shalini Nopany | Total Amount |
|--------|--|----------------------------|---------------------|---------------|
| | Fee for attending Board/Committee Meetings | 25000 | 25000 | 50000 |
| | Commission | - | - | - |
| | Others, please specify | - | - | - |
| | Total B (2) | 25000 | 25000 | 50000 |
| | Total (B) = (B)(1)+(B)(2) | | | 137500 |

VI. Remuneration of Directors and Key Managerial Personnel

C) Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(In Rupees)

| SI No. | Particulars of Remuneration | Mr Deepak Kumar Sharma, Chief Financial Officer | Ms. Mayuri Raja, Company Secretary | Total Amount |
|--------|---|--|---------------------------------------|--------------|
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | NIL | NIL | NIL |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | | |
| 2 | Stock Options | | | |
| 3 | Sweat Equity | | | |
| 4 | Commission | | | |
| | - As % of profit | | | |
| | - As others specify | | | |
| 5 | Others please specify | | | |
| | Total (A) | NIL | NIL | NIL |

VII. Penalties / Punishment/ Compounding of Offences:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority[RD / NCLT/ COURT] | Appeal made, if any(give Details) |
|-------------------------------------|------------------------------|-------------------|---|-----------------------------|-----------------------------------|
| A. Company | | | | | |
| Penalty | | | | | |
| Punishment | | | None | | |
| Compounding | | | | | |
| B. Directors | | | | | |
| Penalty | | | | | |
| Punishment | | | None | | |
| Compounding | | | | | |
| C. Other Officers in Default | | | | | |
| Penalty | | | | | |
| Punishment | | | None | | |
| Compounding | | | | | |

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

| Sl. No. | 1 | 2 | 3 | 4 | 5 |
|--|----------------------------------|--|--|-----------------------------------|------------------------------------|
| | Allahabad Canning Limited | Hargaon Investment & Trading Co Ltd | OSM Investment & Trading Co Ltd | Champaran Marketing Co Ltd | Hargaon Properties Limited# |
| Financial Year ending on | 31-03-2018 | 31-03-2018 | 31-03-2018 | 31-03-2018 | 31-03-2018 |
| The date since when subsidiary was acquired | 23-03-2017 | 23-03-2017 | 23-03-2017 | 23-03-2017 | 23-03-2017 |
| Reporting currency | Indian Rupee | Indian Rupee | Indian Rupee | Indian Rupee | Indian Rupee |
| Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | - | - | - | - | - |
| Share capital | 1098.46 | 304.57 | 174.04 | 108.73 | 49.99 |
| Reserves & surplus | 110.99 | 2486.12 | 903.27 | 674.89 | (0.64) |
| Total assets | 2029.18 | 3148.53 | 1109.02 | 791.38 | 49.42 |
| Total Liabilities | 2029.18 | 3148.53 | 1109.02 | 791.38 | 49.42 |
| Investments | 0.01 | 1857.27 | 1077.08 | 531.38 | - |
| Turnover | 3375.70 | 597.62 | 115.36 | 200.77 | - |
| Profit/(Loss) before taxation | 2.73 | 388.63 | 113.14 | 63.81 | (0.65) |
| Provision for taxation | 1.35 | 8.56 | - | 2.91 | - |
| Profit/(Loss) after taxation | 1.38 | 380.07 | 113.14 | 60.90 | (0.65) |
| Proposed Dividend | NIL | NIL | NIL | NIL | NIL |
| Extent of shareholding (In percentage) | 100% | 100% | 100% | 100% | 100% |

Notes:

1. #Hargaon Properties Limited is the step-down subsidiary of the Company. The Company is holding 56% through Hargaon Investment & Trading Co. Ltd and 44 % through Champaran Marketing Co. Ltd.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

The Company has no Associates/Joint Ventures

| | | | | |
|---------------------|---------------------------|-----------------------------------|-------------------------|-------------------|
| Place: Kolkata | Chandra Shekhar Nopany | Chand Bihari Patodia | Deepak Kumar Sharma | Mayuri Raja |
| Date: 8th May, 2018 | Director DIN- 00014587 | Managing Director DIN-01389238 | Chief Financial Officer | Company Secretary |

Independent Auditors' Report

To the Members of

Palash Securities Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Palash Securities Limited** (the "Company"), which comprise the Balance Sheet as at **31st March 2018**, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under the reference to this report.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read read with Rule 7 of Companies (Accounts) Rule, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, and its Loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013 we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representation received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - g. With respect to the other matters to be included in the Auditors' report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. There are no pending litigations and hence, the disclosure relating to the impact of pending litigations on its financial position in its financial statements does not arise.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company is not required to transfer any amounts to the Investor Education and Protection Fund.

For AGRAWAL SUBODH & Co.
Firm Registration No.: 319260E
Chartered Accountants

(Subodh Kumar Agrawal)
Partner
Membership No. 054670

Place: Kolkata
Date : 08-05-2018

Annexure A to the Independent Auditors' Report on the Financial Statements of Palash Securities Limited as on 31st March, 2018

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section our report of even date addressed to the members of Palash Securities Limited on the financial statements as on 31 March, 2018)

I. In respect of Fixed Assets:

- a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed asset.
- b) Fixed Assets were physically verified by the management during the year in accordance with planned programme of verifying all of them once in three years which, in our opinion, is reasonable having regards to the size to the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) According to the information and explanations given by the management, the title deeds of the properties included in Property, Plant & Equipment are transferred to the Company pursuant to the Scheme of arrangement and are yet to be registered in the name of the Company.

II. The Company does not have any inventory and hence paragraph 3(ii) of the Order is not applicable.

III. The Company has not granted any loans, secured or unsecured to companies, firms, LLP or other parties covered in the registered maintained under section 189 of the companies Act, 2013. Hence Paragraph 3 (iii) of the order is not applicable.

IV. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Companies Act 2013, with respect to the investments made and company has not made any Loan.

V. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, Paragraph 3 (v) of the order is not applicable.

VI. The Company is not required to maintain cost records under as per section 148 (1) of Companies Act, 2013.

VII. In respect of Statutory dues:

- (a) The Company is regular in depositing undisputed statutory dues with the appropriate authorities including income tax, service tax, and duty of custom, duty of excise; value added tax, cess or any other statutory dues.
- (b) There are no statutory dues which are disputed; hence this clause is not applicable on the Company

VIII. There are no loans and borrowing taken from financial institutions, banks, Government or from debenture holders. Hence, Paragraph 3(viii) of the order is not applicable on the Company.

IX. The Company has not raised any money by the way of initial public offer or further public offer and term loans. Accordingly, paragraph 3(ix) of the order is not applicable

X. No fraud by /on the Company by its officers or employees has been noticed or reported during the year nor have we been informed about any of such case by the management;

XI. Managerial Remuneration has not been paid or provided during the year. Accordingly, paragraph 3(xi) of the clause is not applicable.

XII. The Company is not a Nidhi Company. Hence, paragraph 3(xii) of the order is not applicable to Company.

XIII. All the transactions with the related parties are in compliance with the sections 177 and 188 of the Companies Act, 2013, wherever applicable and the details have been disclosed in the financial statements, as required by the applicable Accounting Standard.

- XIV.** The Company has not made any preferential allotment or private placement of shares or Fully or Partly convertible debentures during the year. Hence, paragraph 3(xiv) of the order is not applicable on the Company.
- XV.** The Company has not entered into any non-cash transactions with the directors or persons connected with him/her as referred to in section 192 of Companies Act, 2013
- XVI.** The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For AGRAWAL SUBODH & Co.
Firm Registration No.: 319260E

Chartered Accountants

(Subodh Kumar Agrawal)

Partner

Membership No. 054670

Place: Kolkata

Date : 08-05-2018

Annexure B to the Independent Auditors' Report on the Financial Statements of Palash Securities Limited as on 31st March 2018

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section our report of even date addressed to the members of Palash Securities Limited on the financial statements as on 31 March, 2018).

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Palash Securities Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For AGRAWAL SUBODH & Co.
Firm Registration No.: 319260E

Chartered Accountants

(Subodh Kumar Agrawal)

Partner

Membership No. 054670

Place: Kolkata

Date : 08-05-2018

Balance Sheet as on 31st March 2018

₹ in lakhs

| | Notes | As at 31 March 2018 | As at 31 March 2017 |
|--|--------|------------------------|------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholder's Funds | | | |
| Share Capital | 5 | 1,130.31 | 1,130.31 |
| Reserves and Surplus | 6 | 999.85 | 1,036.34 |
| | | 2,130.16 | 2,166.65 |
| Non-Current Liabilities | | | |
| Other non current liabilities | 7 | 95.00 | - |
| | | 95.00 | - |
| Current Liabilities | | | |
| Other current liabilities | 8 | 21.42 | 53.18 |
| | | 21.42 | 53.18 |
| Total | | 2,246.58 | 2,219.83 |
| ASSETS | | | |
| Non-current Assets | | | |
| Fixed Assets | | | |
| Property, Plant & Equipment | 9(i) | 39.81 | 42.05 |
| Capital Work in Progress | 9(ii) | 7.21 | - |
| Non-current Investments | 10 | 2,176.04 | 2,176.04 |
| | | 2,223.06 | 2,218.09 |
| Current Assets | | | |
| Cash and bank balances | 12 | 19.59 | 0.02 |
| Loans and advances | 11 | 3.93 | 1.72 |
| | | 23.52 | 1.74 |
| Total | | 2,246.58 | 2,219.83 |
| Summary of significant accounting policies | 1 to 4 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Agrawal Subodh & Co.

Firm Registration No.: 319260E
Chartered Accountants

Subodh Kumar Agrawal

Partner
Membership No.: 054670

Place: Kolkata
Date : 08.05.2018

For and on behalf of the Board of Directors

Chand Bihari Patodia

Managing Director
DIN-01389238

Deepak Kumar Sharma

Chief Financial Officer

Chandra Shekhar Nopany

Director
DIN-00014587

Mayuri Raja

Company Secretary

Statement of Profit and Loss for the year ended 31st March 2018

₹ in lakhs

| | Notes | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--|-------|-----------------------------|-----------------------------|
| INCOME | | | |
| Revenue from Operations | 13 | 0.57 | 0.10 |
| Other Income | 14 | 20.71 | 4.34 |
| Total (I) | | 21.28 | 4.44 |
| EXPENSES | | | |
| Other expenses | 15 | 55.52 | 46.91 |
| Total (II) | | 55.52 | 46.91 |
| Profit / (Loss) before finance costs, tax, depreciation and amortization [(I) - (II)] | | (34.24) | (42.47) |
| Depreciation and amortization expenses | 16 | 2.25 | 2.27 |
| Profit / (Loss) before tax | | (36.49) | (44.74) |
| Current tax | | - | - |
| Deferred tax charge | | - | - |
| Total tax expenses | | - | - |
| Profit (Loss) after tax | | (36.49) | (44.74) |
| Earnings per equity share | 17 | | |
| [Nominal value of share ₹ 10] | | | |
| Basic & Diluted | | (0.50) | (0.58) |
| Summary of significant accounting policies | | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Agrawal Subodh & Co.

Firm Registration No.: 319260E
Chartered Accountants

Subodh Kumar Agrawal

Partner
Membership No.: 054670

Place: Kolkata
Date : 08.05.2018

For and on behalf of the Board of Directors**Chand Bihari Patodia**

Managing Director
DIN-01389238

Deepak Kumar Sharma

Chief Financial Officer

Chandra Shekhar Nopany

Director
DIN-00014587

Mayuri Raja

Company Secretary

Cash Flow Statement for the year ended 31st March 2018

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|-----------------------------|-----------------------------|
| (A) CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Profit / (Loss) before tax | (36.49) | (44.74) |
| Adjustment to reconcile profit / (loss) before tax to net cash flows | | |
| Depreciation and Amortization expenses | 2.25 | 2.27 |
| Gain on tangible assets sold / discarded (net) | - | - |
| Operating Profit / (Loss) before Working Capital Changes : | (34.24) | (42.47) |
| Increase/(Decrease) in Trade Payables | - | - |
| Increase/(Decrease) in Other Current Liabilities | 63.24 | 42.95 |
| (Increase)/Decrease in Current Loans & Advances | (2.21) | (1.56) |
| Net Cash used in Operating Activities | 26.79 | (1.08) |
| (B) CASH FLOW FROM INVESTING ACTIVITIES : | | |
| WIP/Fixed Assets | (7.22) | - |
| Net Cash from Investing Activities | (7.22) | - |
| (C) CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Issue of Equity Shares | - | - |
| Net Cash used in Financing Activities | - | - |
| Net Changes in Cash & Cash Equivalents (A+B+C) | 19.57 | (1.08) |
| Cash & Cash Equivalents at the beginning of the year | 0.02 | 1.10 |
| Cash & Cash Equivalents at the end of the year * | 19.59 | 0.02 |

* represents Cash and Bank Balances as indicated in note 12.

For Agrawal Subodh & Co.

Firm Registration No.: 319260E
Chartered Accountants

Subodh Kumar Agrawal

Partner
Membership No.: 054670

Place: Kolkata
Date : 08.05.2018

For and on behalf of the Board of Directors

Chand Bihari Patodia

Managing Director
DIN-01389238

Deepak Kumar Sharma

Chief Financial Officer

Chandra Shekhar Nopany

Director
DIN-00014587

Mayuri Raja

Company Secretary

Notes to Financial Statements as at and for the year ended 31 March 2018

1. Corporate Information

Palash Securities Limited (the Company) was incorporated on 23rd March, 2015 as a Subsidiary Company of The Oudh Sugar Mills Limited (OSML). With the objective of business realignment of OSML and Upper Ganges Sugar & Industries Limited (UGSIL), a composite scheme of arrangement had been filed with the Hon'ble High Court of Allahabad to transfer the Food Processing and Investment business undertaking of OSML to the Company and thereafter to transfer the Food Processing business undertaking of the Company to Allahabad Canning Limited (ACL) from the appointed date i.e. 1st April, 2015, which has been approved by the National Company Law Tribunal.

The main object of the Company is to invest, deal etc. in securities mainly of group companies and in immovable properties. The Company acts as a Core Investment Company (CIC) as per RBI guidelines.

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared the financial statements to comply in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 under the historical cost convention except for impact of Scheme of Arrangement taken at fair value as detailed in Note 2(ii) below and on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for the change in accounting policies explained below.

3. Scheme of Arrangement

- a) As per the Composite Scheme of Arrangement ("the scheme") approved by the National Company Law Tribunal, all the assets and liabilities of the food processing and investment business undertakings of OSML had been transferred to and vested in the Company at their respective book values and thereafter the food processing business undertaking of the Company present in the state of Uttar Pradesh had been transferred to and vested in ACL at their respective book values as on 1st April, 2015 on a going concern basis from appointed date i.e. 1st April, 2015.

As per the scheme, appointed date as approved by the National Company Law Tribunal was 1st April, 2015 and effective date is 23rd March, 2017 being the date on which the certified copy of the order sanctioning the said scheme was filed with the Registrar of Companies, Kanpur, Uttar Pradesh and Uttarakhand in accordance with the Companies Act, 1956 and applicable provisions of Companies Act, 2013. Accordingly, all related adjustments thereof had been given effect to in the accounts during the previous financial year ended 31st March 2017.

- b) Pursuant to the scheme above, in the previous financial year, the Company had issued 1,00,03,102 fully paid up equity shares of ₹10 each to the shareholders of OSML as per Record date 23.03.2017, aggregating to ₹ 1,000.31 lakhs, in the ratio of 27 equity shares of the face value of ₹10 each of the Company for every 70 equity shares of the face value of ₹10 each held in OSML.

Further, the Company had issued 13,00,000 fully paid up 8.5% Non-Convertible Cumulative Redeemable Preference Shares of ₹ 10 each to the preference shareholders of OSML, aggregating to ₹ 130 lakhs on the same terms and conditions.

Further the Company had received 1,09,34,588 fully paid up equity shares of ₹10 each from ACL, aggregating to ₹ 1,093.46 lakhs, as consideration for the transfer of food processing business undertaking. The aforesaid shares of ACL have been shown as Non-current Investment in the Balance Sheet.

4. Summary of Significant Accounting Policies

a) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period and the results from operations during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses determined, if any. The cost comprises the purchase

Notes to Financial Statements as at and for the year ended 31 March 2018 (Contd.)

price inclusive of duties, taxes, incidental expenses, erection / commissioning expenses and borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on an existing fixed asset, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Machinery spares which can be used only in connection with an item of fixed asset and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual life of the respective assets.

c) Depreciation on Tangible Fixed Assets

The classification of plant and machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation on fixed assets is provided under Straight Line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets.

| Class of Assets | Useful Lives estimated by the management (Years) |
|---|--|
| Non-factory Buildings | 5 to 60 |
| Plant and Equipments | 15 |
| Computer and Data Processing Equipments | 3 to 6 |
| Furniture and Fixtures | 10 |
| Vehicles | 8 to 10 |
| Office Equipments | 5 |

Depreciation on fixed assets added / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

d) Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on straight line basis over the lease term.

Finance Lease

Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalized at the lower of the fair value of the leased property and present value of minimum lease payment at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of their liability. Finance charges are charged directly to the expenses account.

e) Borrowing Costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Notes to Financial Statements as at and for the year ended 31 March 2018 (Contd.)

f) Impairment of Fixed Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend income is recognized when the shareholders' right to receive the payment is established by the reporting date.

i) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to tax authorities in accordance with Income Tax Act, 1961 enacted in India. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profit for the period is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the reporting date. Deferred tax asset is recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. If the Company has carry forward unabsorbed depreciation and tax losses, deferred tax asset is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax asset can be realized.

The carrying amount of deferred tax assets is reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient taxable income will be available in future.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

j) Earnings Per Share

Basic Earning per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

k) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise of cash at bank and on hand and short-term investments with an original maturity of three months or less.

Notes to Financial Statements as at and for the year ended 31 March 2018 (Contd.)

l) Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the best estimate required to settle the obligation, at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current management estimates.

m) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

5. Share Capital

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| (a) Authorised shares | | |
| 1,35,00,000 Equity Shares of ₹ 10 each | 1,350.00 | 1,350.00 |
| 15,00,000 Preference Shares of ₹ 10 each | 150.00 | 150.00 |
| | 1,500.00 | 1,500.00 |
| (b) Issued, subscribed and fully paid-up shares | | |
| 1,00,03,102 Equity Shares of ₹ 10 each | 1,000.31 | 1,000.31 |
| 13,00,000 Preference Shares of ₹ 10 each | 130.00 | 130.00 |
| | 1,130.31 | 1,130.31 |

(c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

₹ in lakhs

| | 31st March, 2018 | | 31st March, 2017 | |
|---|------------------|-----------------|------------------|-----------------|
| | No. | (₹) in Lakhs | No. | (₹) in Lakhs |
| Equity Shares of ₹ 10/- each | | | | |
| Outstanding at the beginning of the Period | 1,00,03,102 | 1000.3102 | 50000 | 5.00 |
| Share cancelled pursuant to the scheme | - | - | -50000 | -5.00 |
| Issued pursuant to the scheme | - | - | 1,00,03,102 | 1,000.31 |
| Outstanding at the end of the Period | 10003102 | 1,000.31 | 10003102 | 1,000.31 |

Preference Shares

₹ in lakhs

| | 31st March, 2018 | | 31st March, 2017 | |
|---|------------------|---------------|------------------|---------------|
| | No. | (₹) in Lakhs | No. | (₹) in Lakhs |
| Preference Shares of ₹ 10/- each | | | | |
| Outstanding at the beginning of the Period | 13,00,000 | 130.00 | - | - |
| Issued pursuant to the scheme | - | - | 13,00,000 | 130.00 |
| Outstanding at the end of the Period | 1300000 | 130.00 | 1300000 | 130.00 |

Notes to Financial Statements as at and for the year ended 31 March 2018 (Contd.)

5. Share Capital (Contd.)

Terms / rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution to equity shareholders will be in proportion to the amount paid on the shares held by them.

Terms of redemption of Preference Shares of Rs. 10 each

The Non-Convertible Cumulative Redeemable Preference Shares (NCCRPS) of ₹ 10 each carries dividend @ 8.50% per annum.

NCCRPS shall be redeemable at par on 2nd August, 2023 being twelve years and one day from the date of the original allotment i.e. 1st August, 2011 with a right vested to the Board of Directors to redeem it earlier, subject to consent of the lender.

The Dividend is payable at the time of redemption of the NCCRPS. However, the Board reserves the right to pay dividend earlier subject to the availability of the profit.

(d) Details of shareholders holding more than 5% shares in the Company

Equity Shares of ₹ 10.00 each fully paid

| | 31st March, 2018 | | 31st March, 2017 | |
|--|------------------|-----------|------------------|-----------|
| | No. | % holding | No. | % holding |
| Uttar Pradesh Trading Co. Limited | 1283234 | 12.83% | 1283234 | 12.83% |
| SCM Investment & Trading Co. Limited | 1078958 | 10.79% | 1078958 | 10.79% |
| New India Retailing & Investment Limited | 1071532 | 10.71% | 1071532 | 10.71% |
| RTM Investment & Trading Co. Limited | 904951 | 9.05% | 904951 | 9.05% |

(e) Details of Preference shareholders holding more than 5% shares in the Company

Preference Shares of ₹10.00 each fully paid

| | 31st March, 2018 | | 31st March, 2017 | |
|-------------------------------------|------------------|-----------|------------------|-----------|
| | No. | % holding | No. | % holding |
| Sutlej Textile & Industries Limited | 13,00,000 | 100.00% | 13,00,000 | 100.00% |

6. Reserves and Surplus

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Capital Reserve | | |
| Arisen pursuant to Scheme of Arrangement | 1,635.40 | 1,635.40 |
| Surplus / (Deficit) in the Statement of Profit or Loss | | |
| Balance as per last financial statements | (599.06) | (3.80) |
| Profit / (Loss) for the year | (36.49) | (44.74) |
| Less : Loss arisen pursuant to Scheme of Arrangement | - | (550.52) |
| Net Surplus / (Deficit) in the Statement of Profit or Loss | (635.55) | (599.06) |
| Total Reserves and Surplus | 999.85 | 1,036.34 |

Notes to Financial Statements as at and for the year ended 31 March 2018 (Contd.)

7. Non Current liabilities

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|---------------------------|------------------------|------------------------|
| Security & Other Deposits | 95.00 | - |
| | 95.00 | - |

8. Other current liabilities

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|-------------------|------------------------|------------------------|
| Other Liabilities | 21.42 | 53.18 |
| Total | 21.42 | 53.18 |

9(i). Property, Plant & Equipment

₹ in lakhs

| | Free- hold Land* | Build- ings | Plants and Equipments | Computer and Data Processing Equipments | Furniture and Fix- tures | Vehicles | Office Equip- ments | Total |
|-------------------------|------------------------|----------------|--------------------------|---|--------------------------------|-------------|---------------------------|--------------|
| Gross block | | | | | | | | |
| At 1 April 2017 | 9.89 | 28.39 | 10.94 | - | 17.32 | 0.20 | 1.39 | 68.13 |
| Additions | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| At 31 March 2018 | 9.89 | 28.39 | 10.94 | - | 17.32 | 0.20 | 1.39 | 68.13 |
| Depreciation | | | | | | | | |
| At 1 April 2017 | - | 9.83 | 7.63 | - | 7.11 | 0.18 | 1.32 | 26.07 |
| Charge for the year | - | 0.37 | 0.32 | - | 1.56 | - | - | 2.25 |
| Disposals | - | - | - | - | - | - | - | - |
| At 31 March 2018 | - | 10.20 | 7.95 | - | 8.67 | 0.18 | 1.32 | 28.31 |
| Net block | | | | | | | | |
| At 1 April 2017 | 9.89 | 18.56 | 3.31 | - | 10.21 | 0.02 | 0.07 | 42.06 |
| At 31 March 2018 | 9.89 | 18.19 | 2.99 | - | 8.65 | 0.02 | 0.07 | 39.81 |

*The title deeds of immovable property are transferred to Company pursuant to scheme of arrangement (Refer Note 3 to the Financial Statements) and are yet to be registered in the name of the transferee Company.

9(ii). Capital Work in Progress

₹ in lakhs

| | 31 March 2018 | 31 March 2017 |
|--|---------------|---------------|
| Balance brought forward from the previous year | - | - |
| Additions | 7.21 | - |
| | 7.21 | - |
| Less: Transfer to Tangible Assets during the period | - | - |
| Balance carried to Balance Sheet | 7.21 | - |
| (WIP relates to expense being incurred at Gangotri House, Uttarakhand) | | |

Notes to Financial Statements as at and for the year ended 31 March 2018 (Contd.)

10. Non-current investments

₹ in lakhs

| | Number of Units / shares | Face value Per Unit / share | As at 31 March 2018 | As at 31 March 2017 |
|--|-----------------------------|--------------------------------|------------------------|------------------------|
| Non Trade | | | | |
| (valued at cost unless stated otherwise) | | | | |
| Quoted (fully paid) | | | | |
| In Equity Instruments | | | | |
| Avadh Sugar & Energy Limited* | 6,807 | 10.00 | - | - |
| Ganges Securities Limited* | 16,060 | 10.00 | 13.23 | 13.23 |
| Magadh Sugar & Energy Limited* | 14,456 | 10.00 | - | - |
| | | | 13.23 | 13.23 |
| Unquoted (fully paid) | | | | |
| In Equity Instruments | | | | |
| In Subsidiary Companies | | | | |
| Champaran Marketing Co. Ltd. | 43,49,000 | 2.50 | 192.96 | 192.96 |
| Hargaon Investment & Trading Co. Ltd. | 30,45,727 | 10.00 | 609.14 | 609.14 |
| OSM Investment & Trading Co. Ltd. | 17,40,418 | 10.00 | 261.06 | 261.06 |
| Allahabad Canning Ltd. (note 3e) | 1,09,84,588 | 10.00 | 1,098.46 | 1,098.46 |
| | | | 2,161.62 | 2,161.62 |
| In Other Companies (un-listed) | | | | |
| Bihar State Financial Corporation Ltd. | 70 | 100.00 | 0.07 | 0.07 |
| Moon Corporation Ltd. ('A' Class) | 745 | 100.00 | 0.77 | 0.77 |
| Moon Corporation Ltd. ('B' Class) | 2,502 | 5.00 | 0.13 | 0.13 |
| Birla Building Ltd. | 1,920 | 10.00 | 0.19 | 0.19 |
| The Oudh Trading Co. Pvt. Ltd. | 25 | 100.00 | 0.03 | 0.03 |
| A.P.V. Texmaco Ltd. (in liquidation) | 28,750 | 10.00 | - | - |
| | | | 1.19 | 1.19 |
| Total | | | 2,176.04 | 2,176.04 |
| Aggregate amount of quoted investments | | | 13.23 | 13.23 |
| Aggregate amount of unquoted investments | | | 2,162.81 | 2,162.81 |
| Market Value of Quoted Investments | | | 58.99 | - |

* These shares were listed at Stock Exchanges on 28th July 2017 and cost of acquisition considered as per certificate dated 07th June 2017, issued by KPMG.

11. Loans and advances

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| (Unsecured, considered good except stated otherwise) | | |
| Advances recoverable in cash or in kind or for value to be received or pending adjustments | 3.93 | 1.72 |
| Total | 3.93 | 1.72 |

Notes to Financial Statements as at and for the year ended 31 March 2018 (Contd.)

12. Cash and bank balances

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|----------------------------------|------------------------|------------------------|
| Cash and cash equivalents | | |
| Balance with banks | | |
| On current accounts | 19.57 | 0.02 |
| Cash on hand | 0.02 | - |
| Total | 19.59 | 0.02 |

13. Revenue from operations

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--------------------------------|-----------------------------|-----------------------------|
| Revenue from operations | | |
| Dividend Income | | |
| On Long-term investments | 0.57 | 0.10 |
| Total | 0.57 | 0.10 |

14. Other income

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|-----------------------|-----------------------------|-----------------------------|
| Rent and hire charges | 20.71 | 4.34 |
| Total | 20.71 | 4.34 |

15. Other expenses

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|-------------------------------|-----------------------------|-----------------------------|
| Rates & Taxes | 1.56 | 0.04 |
| Payment to Statutory Auditors | 3.49 | 0.10 |
| Advertisement | 2.57 | 0.33 |
| Listing Fees | 13.45 | 9.85 |
| Director Fees | 1.38 | 36.18 |
| Filing Fees | 0.32 | 0.33 |
| Maintenance Charges | 22.75 | 0.04 |
| Postage & Telegram | 3.00 | 0.04 |
| Professional Fees | 2.69 | - |
| Printing & Stationery | 3.78 | - |
| Safe Custody Charges | 0.26 | - |
| Swachh Bharat Cess | 0.05 | - |
| Travelling Expenses | 0.11 | - |
| Miscellaneous expenses | 0.11 | - |
| Total | 55.52 | 46.91 |

Notes to Financial Statements as at and for the year ended 31 March 2018 (Contd.)**16. Depreciation and amortisation expenses**

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---------------------------------|-----------------------------|-----------------------------|
| Depreciation of tangible assets | 2.25 | 2.27 |
| Total | 2.25 | 2.27 |

17. Earning per share (EPS)

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--|-----------------------------|-----------------------------|
| Profit / (Loss) after tax | (36.49) | (44.74) |
| Dividend on Non-Convertible Cumulative Redeemable Preference Share & tax thereon | 13.30 | 13.30 |
| Net profit / (loss) for calculation of basic and diluted EPS | (49.79) | (58.04) |
| | Nos. | Nos. |
| Weighted average number of equity shares in calculating basic & diluted EPS | 1,00,03,102 | 1,00,03,102 |
| | ₹ | ₹ |
| Earning per equity share (Nominal value of share ₹ 10) | | |
| Basic & Diluted | (0.50) | (0.58) |

18. Contingent liabilities

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|-----------------------------|-----------------------------|
| Arrear Dividend (including dividend distribution tax) on Non-Convertible Cumulative Redeemable Preference Shares (NCCRPS) | 88.69 | 75.39 |
| Total | 88.69 | 75.39 |

19. Related Party Disclosures**Names of related parties and related party relationship****Related parties where control exists**

Wholly owned Subsidiary Companies

Allahabad Canning Ltd
 Champaran Marketing Co. Ltd.
 Hargaon Investment & Trading Co. Ltd.
 OSM Investment & Trading Co. Ltd.
 Hargaon Properties Limited - Step Down Subsidiary

Related parties with whom transactions have taken place during the year

Key Management Personnel

Shri Chandra Shekhar Nopany - Director
 Shri Chand Bihari Patodia - Managing Director
 Shri Deepak Kumar Sharma - Chief Financial Officer
 Ms Mayuri Raja - Company Secretary

Relatives of Key Management Personnel
 Enterprises owned or significantly influenced by
 Key management personnel or their relatives

Smt Shalini Nopany - Wife of Shri Chandra Shekhar Nopany
 Avadh Sugar & Energy Limited
 Magadh Sugar & Energy Limited
 Sutlej Textiles & Industries Limited

Notes to Financial Statements as at and for the year ended 31 March 2018 (Contd.)

19. Related Party Disclosures (Contd.)

Transaction With Related parties

a) Current Liabilities

₹ in lakhs

| Name | Year ended | Amount owed by Related Parties | Amount owed to Related parties |
|---------------------------|------------|--------------------------------|--------------------------------|
| Avadh Sugar & Energy Ltd | 31.03.2018 | NIL | NIL |
| | 31.03.2017 | NIL | 42.21 |
| Magadh Sugar & Energy Ltd | 31.03.2018 | NIL | NIL |
| | 31.03.2017 | NIL | 8.55 |

b) Security Deposit

₹ in lakhs

| Name | Year ended | Amount owed by Related Parties | Amount owed to Related parties |
|-----------------------------------|------------|--------------------------------|--------------------------------|
| Avadh Sugar & Energy Ltd | 31.03.2018 | NIL | 85.00 |
| | 31.03.2017 | NIL | NIL |
| Sutlej Textiles & Industries Ltd. | 31.03.2018 | NIL | 10.00 |
| | 31.03.2017 | NIL | NIL |

c) Other Receipts

₹ in lakhs

| Name | Year ended | Rent Received | Dividend Receive |
|-----------------------------------|------------|---------------|------------------|
| Avadh Sugar & Energy Ltd | 31.03.2018 | 5.00 | 0.14 |
| | 31.03.2017 | NIL | NIL |
| Sutlej Textiles & Industries Ltd. | 31.03.2018 | 5.00 | NIL |
| | 31.03.2017 | NIL | NIL |
| Magadh Sugar & Energy Ltd | 31.03.2018 | 7.50 | 0.29 |
| | 31.03.2017 | NIL | NIL |

20. Previous year's figures including those given in brackets have been regrouped / rearranged wherever necessary.

For Agrawal Subodh & Co.

Firm Registration No.: 319260E
Chartered Accountants

Subodh Kumar Agrawal

Partner
Membership No.: 054670

Place: Kolkata
Date : 08.05.2018

For and on behalf of the Board of Directors

Chand Bihari Patodia

Managing Director
DIN-01389238

Deepak Kumar Sharma

Chief Financial Officer

Chandra Shekhar Nopany

Director
DIN-00014587

Mayuri Raja

Company Secretary

Independent Auditors' Report

To the Members of
Palash Securities Limited.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Palash Securities Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding and its subsidiaries together referred to as "the Group") comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

Management's Responsibility for the Consolidated Financial Statements

The Holding company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act read with Rule 7 of Companies (Accounts) Rule, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and other auditors in term of their reports, referred to in paragraph on "Other Matter" is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, and of their consolidated profits and their consolidated cash flows for the year ended on that date.

Other Matter Paragraph

We did not audit the financial statements of four subsidiaries (except Champaran Marketing Company Limited), whose financial statements reflect total assets of Rs 4092.17 Lakhs as at 31st March 2018, total revenue of Rs 4118.00 Lakhs and net cash inflows amounting to Rs 64.78 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the "Other Matter" paragraph, we report to the extent applicable that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and report of other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rule 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Financial Statements disclose the impact of pending litigation of the financial position of the Group.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For Agrawal Subodh & Co.
Chartered Accountants
(Firm Reg. No.319260E)

(Subodh Kumar Agrawal)
Partner
Membership No. 054670

Place: Kolkata
Date: 08.05.2018

Annexure 'A' To the Independent Auditor's Report of Even Date on the Consolidated Financial Statements of Palash Securities Ltd.

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Palash Securities Limited as of and for the year ended March 31, 2018 we have audited the internal financial controls over financial reporting of Palash Securities Ltd (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the holding company and its subsidiary companies which are companies incorporated in India, have, in all material respects, maintained in generally adequate internal financial controls over financial reporting as of March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of Internal Financial Controls Over Financial Reporting in so far it relates to its five subsidiaries which are companies incorporated in Republic of India, is based on the corresponding report of such company incorporated in Republic of India. Our opinion is not modified in respect of above matters.

For Agrawal Subodh & Co.
Chartered Accountants
 (Firm Reg. No.319260E)

(Subodh Kumar Agrawal)

Partner

Membership No. 054670

Place: Kolkata

Date: 08.05.2018

Consolidated Balance Sheet as on 31st March 2018

₹ in lakhs

| | Notes | As at 31 March 2018 | As at 31 March 2017 |
|--|-------|------------------------|------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholder's Funds | | | |
| Share Capital | 5 | 1,130.31 | 1,130.31 |
| Reserves and Surplus | 6 | 4,698.65 | 4,180.31 |
| | | 5,828.96 | 5,310.62 |
| Non-current Liabilities | | | |
| Other long-term Liabilities | 7 | 163.64 | 67.12 |
| Long-term provisions | 8 | 33.20 | 20.69 |
| | | 196.84 | 87.81 |
| Current Liabilities | | | |
| Short-term borrowings | 9 | 454.81 | 4,091.04 |
| Trade payables | | | |
| – Total outstanding dues of micro enterprises and small enterprises | 10 | 11.61 | - |
| – Total outstanding dues of creditors other than micro enterprises and small enterprises | 10 | 432.29 | 518.69 |
| Other current liabilities | 10 | 127.43 | 157.72 |
| Short term provisions | 8 | 78.19 | 86.17 |
| | | 1,104.33 | 4,853.62 |
| Total | | 7,130.13 | 10,252.05 |
| ASSETS | | | |
| Non-current Assets | | | |
| Fixed Assets | | | |
| (i) Property, Plant & Equipment | 11 | 309.47 | 321.54 |
| (ii) Capital work in progress | 12 | 7.21 | - |
| Investments | 13 | 3,430.15 | 3,916.96 |
| Loans and advances | 14 | 2.69 | 5.86 |
| Other assets | 16.2 | 0.80 | 0.80 |
| | | 3,750.32 | 4,245.16 |
| Current Assets | | | |
| Inventories | 15 | 1,231.89 | 1,266.87 |
| Trade Receivables | 16.1 | 435.50 | 354.01 |
| Cash and bank balances | 17 | 488.20 | 374.41 |
| Loans and advances | 14 | 1,192.14 | 3,962.15 |
| Other assets | 16.2 | 32.08 | 49.45 |
| | | 3,379.81 | 6,006.89 |
| Total | | 7,130.13 | 10,252.05 |
| Summary of significant accounting policies | 4 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Agrawal Subodh & Co.

Firm Registration No.: 319260E

Chartered Accountants

Subodh Kumar Agrawal

Partner

Membership No.: 054670

Place: Kolkata

Date : 08.05.2018

For and on behalf of the Board of Directors**Chand Bihari Patodia**

Managing Director

DIN-01389238

Deepak Kumar Sharma

Chief Financial Officer

Chandra Shekhar Nopany

Director

DIN-00014587

Mayuri Raja

Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March 2018

₹ in lakhs

| | Notes | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--|-------|-----------------------------|-----------------------------|
| INCOME | | | |
| Revenue from Operations (gross) | 18 | 4,300.06 | 4,696.75 |
| Less : Excise duty | | 10.05 | 33.02 |
| Revenue from Operations (net) | | 4,290.01 | 4,663.73 |
| Other Income | 19 | 51.14 | 41.58 |
| Total Revenue (I) | | 4,341.15 | 4,705.31 |
| EXPENSES | | | |
| Cost of Raw Materials consumed | 20 | 728.62 | 938.90 |
| Purchase of Traded Goods | 21 | 755.79 | 738.87 |
| Decrease / (Increase) in inventories of Finished Goods, Traded Goods and Goods under Process | 21 | 44.76 | 102.43 |
| Employee benefits expenses | 22 | 568.75 | 595.94 |
| Other expenses | 23 | 1,404.47 | 1,408.52 |
| Total (II) | | 3,502.39 | 3,784.66 |
| Profit / (Loss) before finance costs, tax, depreciation and amortization [(I) - (II)] | | 838.76 | 920.65 |
| Depreciation and amortization expenses | 24 | 17.65 | 17.58 |
| Finance Costs | 25 | 289.74 | 512.47 |
| Profit / (Loss) before tax | | 531.37 | 390.60 |
| Current tax | | 12.54 | 7.52 |
| Provision for Tax for earlier year | | 0.29 | 0.04 |
| Total tax expenses | | 12.83 | 7.56 |
| Profit / (Loss) after tax | | 518.54 | 383.04 |
| | | ₹ | ₹ |
| Earnings per equity share | 26 | | |
| [Nominal value of share ₹ 10 (₹ 10)] | | | |
| Basic & Diluted | | 5.05 | 3.70 |
| Summary of significant accounting policies | 4 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Agrawal Subodh & Co.

Firm Registration No.: 319260E

Chartered Accountants

Subodh Kumar Agrawal

Partner

Membership No.: 054670

Place: Kolkata

Date : 08.05.2018

For and on behalf of the Board of Directors**Chand Bihari Patodia**

Managing Director

DIN-01389238

Deepak Kumar Sharma

Chief Financial Officer

Chandra Shekhar Nopany

Director

DIN-00014587

Mayuri Raja

Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March 2018

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|-----------------------------|-----------------------------|
| (A) CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Profit / (Loss) before tax | 531.37 | 390.60 |
| Adjustment to reconcile profit / (loss) before tax to net cash flows | | |
| Depreciation and Amortization expenses | 17.65 | 17.59 |
| Dividend and Interest income | (914.31) | (926.67) |
| Finance Cost | 289.74 | 13.27 |
| Provision for warranties and claims | 4.34 | 2.98 |
| Upsent liabilities, provision no longer required | (17.10) | (19.53) |
| Operating Profit / (Loss) before Working Capital Changes : | (88.31) | (521.76) |
| Increase / (Decrease) in Trade and other payables | (74.79) | 111.69 |
| (Increase) / Decrease in Trade and other Receivables | (64.39) | 248.14 |
| (Increase) / Decrease in Inventories | 34.98 | 73.13 |
| Increase / (Decrease) in Provision | (7.98) | 3.48 |
| Increase / (Decrease) in Current Liabilities | (30.29) | (58.58) |
| (Increase) / Decrease in Other Current Assets | 17.37 | |
| Increase / (Decrease) in Current Loans and Advances | 2,770.01 | (1.56) |
| Cash Generated from Operation | 2,556.60 | (145.46) |
| Direct taxes paid | (12.83) | 5.80 |
| Net Cash used in Operating Activities | 2,543.77 | (139.67) |
| (B) CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Dividend received | 604.53 | 417.03 |
| Interest received | 309.78 | 509.63 |
| Proceeds from purchase/sale of investments | 486.81 | (512.43) |
| Proceeds from purchase/sale of fixed asstes/WIP | (12.78) | (58.29) |
| Net Cash from Investing Activities | 1,388.34 | 355.94 |
| (C) CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Long Term Deposits Taken/(given) | 104.69 | - |
| Loan received/(Paid) | 3.17 | - |
| Interest Paid | (289.74) | (13.27) |
| Proceeds from Short Term Borrowings | (3,636.23) | 57.15 |
| Net Cash used in Financing Activities | (3,818.11) | 43.88 |
| Net Changes in Cash & Cash Equivalents (A+B+C) | 113.80 | 260.15 |
| Cash & Cash Equivalents at the beginning of the year | 374.41 | 57.79 |
| Transferred pursuant to Scheme of Arrangement | - | 56.47 |
| Cash & Cash Equivalents at the end of the year * | 488.20 | 374.41 |

* represents Cash and Bank Balances as indicated in note 17

For Agrawal Subodh & Co.
Firm Registration No.: 319260E
Chartered Accountants

Subodh Kumar Agrawal
Partner
Membership No.: 054670

Place: Kolkata
Date : 08.05.2018

For and on behalf of the Board of Directors

Chand Bihari Patodia
Managing Director
DIN-01389238

Deepak Kumar Sharma
Chief Financial Officer

Chandra Shekhar Nopany
Director
DIN-00014587

Mayuri Raja
Company Secretary

Notes to consolidated financial statements as at and for the year ended 31 March 2018

1. Principles of consolidated financial statements

The consolidated financial statements of Palash Securities Limited ("Company") and its subsidiary companies (collectively referred as "Group") have been prepared on the following basis :

- The financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances, intra group transactions and any unrealized profit/loss included therein in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements".
- The consolidated financial statements have been prepared using uniform accounting policies, except stated otherwise, for like transactions and are prepared, to the extent possible, in the same manner as the Company's separate financial statements.
- The difference between the cost of the Company's investments in the subsidiaries and their respective equity as on the date of investment is treated as Goodwill / Capital Reserve, as the case may be, in the consolidated financial statements.
- The Subsidiary Companies, being subsidiary pursuant to the composite scheme of arrangement became effective, considered in the financial statements are as follows:

| Name | Country of Incorporation | % of voting power / ownership as on | |
|--|--------------------------|-------------------------------------|----------|
| | | 31/03/18 | 31/03/17 |
| Allahabad Canning Limited | India | 100 | 100 |
| Hargaon Investment & Trading Company Limited | India | 100 | 100 |
| OSM Investment & Trading Company Limited | India | 100 | 100 |
| Champaran Marketing Company Limited | India | 100 | 100 |
| Hargaon Properties Limited | India | 100 | 100 |

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared the financial statements to comply in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 on an accrual basis under the historical cost convention.

3. Scheme of Arrangement

As per the Composite Scheme of Arrangement ("the Scheme") approved by the National Company Law Tribunal, all the assets and liabilities of the food processing and investment business undertakings of OSML have been transferred to and vested in the Company at their respective book values and thereafter the food processing business undertaking of the Company present in the state of Uttar Pradesh have been transferred to and vested in Allahabad Canning Limited (ACL) at their respective book values as on 1st April, 2015 on a going concern basis from appointed date i.e. 1st April, 2015.

As per the scheme, appointed date as approved by the National Company Law Tribunal was 1st April, 2015 and effective date was 23rd March, 2017 being the date on which the certified copy of the order sanctioning the said scheme was filed with the Registrar of Companies, Kanpur in accordance with the Companies Act, 1956 and applicable provisions of Companies Act, 2013. Accordingly, all related adjustments thereof has been given effect to accounts during the previous financial year 2016-17.

4. Summary of Significant Accounting Policies

a) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period and the results from operations during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses determined, if any. The cost comprises the purchase price inclusive of duties, taxes, incidental expenses, erection / commissioning expenses and borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of Property, plant and equipment are required to be replaced at intervals, the company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance. All other expenses on an existing Property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Items of spares & stores that meet the definition of property, plant and equipment are capitalised at cost and depreciated over the useful life.

c) Depreciation on Property, Plant and Equipments

The classification of plant and machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation on Property, plant and equipment is provided under Straight Line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its Property, plant and equipment.

| Class of Assets | Useful Lives estimated by the management (Years) |
|---|--|
| Non-factory Buildings | 5 to 60 |
| Plant and Equipments | 15 |
| Computer and Data Processing Equipments | 3 to 6 |
| Furniture and Fixtures | 10 |
| Vehicles | 8 to 10 |
| Office Equipments | 5 |

Depreciation on Property, plant and equipment added / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

d) Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on straight line basis over the lease term.

Finance Lease

Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalized at the lower of the fair value of the leased property and present value of minimum lease payment at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of their liability. Finance charges are charged directly to the expenses account.

e) Borrowing Costs

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

f) Impairment of Fixed Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

h) Inventories

Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on annual weighted average method / moving average method.

Goods under process, Finished goods and Standing crop are valued at lower of cost and net realizable value. Goods under process and Finished goods include cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity. Cost is determined on weighted average basis.

By products, Country crop and Saleable scraps, whose cost is not identifiable, are valued at estimated net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, which usually coincides with delivery of the goods. The Group collects Sales Tax(s) and Value Added Taxes (VAT) on behalf of the government and, therefore, these not being economic benefits flowing to the Group, they are excluded from revenue. Excise duty and Cess deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the period.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend income is recognized when the shareholders' right to receive the payment is established by the reporting date.

Insurance and other claims, Interest on doubtful loans and advances to cane growers and Compensation receivable in respect of land surrendered to / acquired by the Government due to uncertainty in realisation, are accounted for on acceptance basis.

j) Retirement and other Employee Benefits

Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to the statement of profit and loss of the period when the contributions to the respective funds are due. The Group has no obligation other than contributions

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

to the respective funds. The Group recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the selected service.

Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method done at the end of each financial year.

Short term compensated absences are provided for based on estimates.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. The Group does not have an unconditional right to defer its settlement for the period beyond 12 months and accordingly entire leave liability is shown as current liability.

Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

k) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to tax authorities in accordance with Income Tax Act, 1961 enacted in India. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profit for the period is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the reporting date. Deferred tax asset is recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. If the Company has carry forward unabsorbed depreciation and tax losses, deferred tax asset is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax asset can be realized.

The carrying amount of deferred tax assets is reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient taxable income will be available in future.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

l) Segment Reporting

Identification of segments

The Group has identified that its operating segments are the primary segments. The Group's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Group are located.

Allocation of common costs

Common allocable costs are allocated to each segment on case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis are included under the head "Unallocated".

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

m) Earnings Per Share

Basic Earning per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

n) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise of cash at bank and on hand and short-term investments with an original maturity of three months or less.

o) Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the best estimate required to settle the obligation, at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current management estimates.

p) Foreign Currency Transactions and Derivatives

- a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities relating to foreign currency transactions are translated at year end exchange rates. The difference in translation and realised gains/losses are recognised in Statement of Profit and Loss.
- b) In respect of items covered by foreign exchange contracts, the premium or discount arising at the date of inception of such a forward exchange contract is amortised as expenses or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised in Statement of Profit and Loss.

q) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

r) Proposed Dividend

Dividend recommended/declared after the Balance Sheet Date but before the Financial Statements are approved by Shareholders in the General Meeting are not recognized as a liability at the Balance Sheet Date because no obligation exists at the Balance Sheet Date. Such Dividend is disclosed in the Notes.

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

5. Share Capital

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Authorised: | | |
| 1,35,00,000 (1,35,00,000) Equity Shares of ₹ 10 each | 1,350.00 | 1,350.00 |
| 15,00,000 (15,00,000) Preference Shares of ₹ 10 each | 150.00 | 150.00 |
| | 1,500.00 | 1,500.00 |
| Issued, subscribed and fully paid-up: | | |
| 1,00,03,102 (1,00,03,102) Equity Shares of ₹ 10 each | 1,000.31 | 1,000.31 |
| 13,00,000 (13,00,000) Preference Shares of ₹ 10 each | 130.00 | 130.00 |
| | 1,130.31 | 1,130.31 |

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

Equity Shares

| | 31st March, 2018 | | 31st March, 2017 | |
|---|--------------------|-----------------|--------------------|-----------------|
| | No. | (₹) in Lakhs | No. | (₹) in Lakhs |
| Equity Shares of ₹ 10/- each | | | | |
| Outstanding at the beginning of the year | 1,00,03,102 | 1,000.31 | 50,000 | 5.00 |
| Share cancelled pursuant to the scheme | - | - | -50,000 | -5.00 |
| Issued pursuant to the scheme during the year [Note 3(d)] | - | - | 1,00,03,102 | 1,000.31 |
| Outstanding at the end of the year | 1,00,03,102 | 1,000.31 | 1,00,03,102 | 1,000.31 |

Preference Shares

| | 31st March, 2018 | | 31st March, 2017 | |
|---|------------------|---------------|------------------|---------------|
| | No. | (₹) in Lakhs | No. | (₹) in Lakhs |
| Preference Shares of ₹ 10/- each | | | | |
| Outstanding at the beginning of the year | 13,00,000 | 130.00 | - | - |
| Issued pursuant to the scheme during the year [Note 3(d)] | - | - | 13,00,000 | 130.00 |
| Outstanding at the end of the year | 13,00,000 | 130.00 | 13,00,000 | 130.00 |

(b) Terms / rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution to equity shareholders will be in proportion to the amount paid on the shares held by them.

(c) Terms of redemption of Preference Shares

The Non-Convertible Cumulative Redeemable Preference Shares (NCCRPS) carries dividend @ 8.50% per annum.

NCCRPS shall be redeemable at par on 2 August 2023 being twelve years and one day from the date of the original allotment i.e. 1 August 2011 with a right vested to the Board of Directors to redeem it earlier, subject to consent of the lender.

The Dividend is payable at the time of redemption of the NCCRPS. However, the Board reserves the right to pay dividend earlier subject to the availability of the profit.

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

(d) Details of shareholders holding more than 5% share in the Company

| | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|------------------------|------------------------|------------------------|------------------------|
| | No. of shares | % holding in the class | No. of shares | % holding in the class |
| Equity Shares of ₹10/- each fully paid | | | | |
| Uttar Pradesh Trading Company Limited | 12,83,234 | 12.83% | 12,83,234.00 | 12.83% |
| SCM Investment & Trading Company Limited | 10,78,958 | 10.79% | 10,78,958.00 | 10.79% |
| New India Retailing & Investment Limited | 10,71,532 | 10.71% | 10,71,532.00 | 10.71% |
| RTM Investment & Trading Company Limited | 9,04,951 | 9.05% | 9,04,951.00 | 9.05% |
| The Oudh Sugar Mills Limited | - | - | - | - |
| NCCRPS of ₹ 10/- each fully paid | | | | |
| Sutlej Textile and Industries Limited | 13,00,000 | 100.00% | 13,00,000.00 | 100.00% |

(e) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date: ₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Equity shares allotted as fully paid-up pursuant to the Scheme | - | 1,000.31 |
| Preference shares allotted as fully paid-up pursuant to the Scheme | - | 130.00 |

6. Reserves and Surplus

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Capital Reserve | | |
| Balance as per last financial statements | 1,645.66 | - |
| Add : Arisen pursuant to the Scheme | - | 1,635.40 |
| Add : Transfer pursuant to the Scheme | - | 10.26 |
| | 1,645.66 | 1,645.66 |
| Capital Redemption Reserve | | |
| Balance as per last financial statements | 45.00 | - |
| Add : Transfer pursuant to the Scheme | - | 45.00 |
| | 45.00 | 45.00 |
| General Reserve | | |
| Balance as per last financial statements | 324.50 | - |
| Add : Transfer pursuant to the Scheme | - | 324.50 |
| | 324.50 | 324.50 |
| Reserve Fund | | |
| Balance as per last financial statements | 626.95 | - |
| Add : Transfer pursuant to the Scheme | - | 545.50 |
| Add: Transfer from surplus in the statement of Profit & Loss for the year | 110.89 | 81.45 |
| | 737.84 | 626.95 |
| Surplus / (Deficit) in the Statement of Profit or Loss | | |
| Balance as per last financial statements | 1,538.20 | (3.80) |
| Profit / (Loss) for the year | 518.34 | 383.04 |
| Add : Profit arisen pursuant to Scheme | - | 1,314.69 |
| Less : Transfer to Reserve Fund for earlier years | - | 74.28 |
| Less : Transfer to Reserve Fund for the year | 110.89 | 81.45 |
| Net Surplus / (Deficit) in the Statement of Profit or Loss | 1,945.65 | 1,538.20 |
| Total Reserves and Surplus | 4,698.65 | 4,180.31 |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

7. Other Long-term Liabilities

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|--------------------------|------------------------|------------------------|
| Trade and other deposits | 163.64 | 67.12 |
| | 163.64 | 67.12 |

8. Provisions

₹ in lakhs

| | Long-term | | Short-term | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2018 | As at 31 March 2018 | As at 31 March 2018 | As at 31 March 2018 |
| Provision for employee benefits | | | | |
| Gratuity (Note 27) | 33.20 | 20.69 | 27.14 | 13.13 |
| Leave | - | - | 32.13 | 30.37 |
| | 33.20 | 20.69 | 59.27 | 43.50 |
| Other provisions | | | | |
| For income tax (net) | - | - | - | 22.30 |
| For warranties | - | - | 4.61 | 6.06 |
| For standard assets | - | - | 14.31 | 14.31 |
| | - | - | 18.92 | 42.67 |
| | 33.20 | 20.69 | 78.19 | 86.17 |

Provision for warranties

A provision is recognized for expected warranty claims on products based on the management's estimate computed on the basis of past experience. It is expected that the entire provision will be utilized within one year of the reporting date, since the warranty is generally for one year. The table below gives information about movement in warranties provisions.

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| At the beginning of the year | 6.06 | 6.29 |
| Add : Additions during the year | 4.34 | 2.98 |
| Less : Utilized / written back during the year | (5.79) | (3.21) |
| At the end of the year | 4.61 | 6.06 |

9. Short-term Borrowings

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Cash credit from a bank (secured) (repayable on demand) | 104.81 | 191.04 |
| Inter-Corporate Deposits | | |
| From a related party [Note 30(a)] | 350.00 | 3,900.00 |
| | 454.81 | 4,091.04 |

Cash Credit limit from a bank, carry interest rate of I-MCLR-6M + spread of 2.60% p.a, is secured by way of hypothecation of the entire current assets of the Company.

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

10. Other Current Liabilities

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Trade Payables | | |
| - Total outstanding dues of micro enterprises and small enterprises | 11.61 | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 432.29 * | 518.69 |
| | 443.90 | 518.69 |
| Other Liabilities | | |
| Advance against Sales | 40.63 | 18.33 |
| Payable to employees | 70.81 | 67.57 |
| Interest accrued but not due on borrowings, deposits etc. | - | 38.16 |
| Others - | | |
| Statutory dues | 15.99 | 23.30 |
| Excise duty on closing stock | - | 10.36 |
| | 127.43 | 157.72 |
| | 571.33 | 676.41 |

* Includes ₹ NIL (PY : 50.46 lakhs) to related parties

11. Property, Plant & Equipment

₹ in lakhs

| | Free- hold Land* | Build- ings | Plants and Equipments | Computer and Data Processing Equipments | Furniture and Fix- tures | Vehicles | Office Equip- ments | Total |
|---------------------------|------------------------|----------------|--------------------------|---|--------------------------------|--------------|---------------------------|---------------|
| Gross block | | | | | | | | |
| At 1 April 2016 | 118.19 | 89.85 | 156.97 | 11.74 | 23.13 | 12.37 | 1.49 | 413.74 |
| Additions during the year | - | 47.39 | 3.06 | 0.99 | - | 6.84 | - | 58.28 |
| Disposals during the year | - | - | - | - | - | - | - | - |
| At 31 March 2017 | 118.19 | 137.24 | 160.03 | 12.73 | 23.13 | 19.21 | 1.49 | 472.02 |
| Additions during the year | - | - | - | 0.66 | - | 4.91 | - | 5.57 |
| Disposals during the year | - | - | - | - | - | - | - | - |
| At 31 March 2018 | 118.19 | 137.24 | 160.03 | 13.39 | 23.13 | 24.12 | 1.49 | 477.59 |
| Depreciation | | | | | | | | |
| At 1 April 2016 | - | 36.39 | 64.82 | 9.28 | 9.27 | 53.75 | 1.42 | 174.93 |
| Charge for the year | - | 1.62 | 12.18 | 1.11 | 1.79 | 0.88 | - | 17.58 |
| Disposals for year | - | - | - | - | - | 42.03 | - | 42.03 |
| At 31 March 2017 | - | 38.01 | 77.00 | 10.39 | 11.06 | 12.60 | 1.42 | 150.48 |
| Charge for the year | - | 2.12 | 11.70 | 1.01 | 1.76 | 1.06 | - | 17.65 |
| Disposals for year | - | - | - | - | - | - | - | - |
| At 31 March 2018 | - | 40.13 | 88.70 | 11.40 | 12.82 | 13.66 | 1.42 | 168.13 |
| Net block | | | | | | | | |
| At 31 March 2017 | 118.19 | 99.23 | 83.03 | 2.34 | 12.07 | 6.61 | 0.07 | 321.54 |
| At 31 March 2018 | 118.19 | 97.11 | 71.33 | 1.99 | 10.31 | 10.48 | 0.07 | 309.47 |

* Includes title deeds of ₹ 10.14 lakhs are in the name of erstwhile OSML, which are yet to be transferred in the name of the Company and its respective subsidiary.

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

12. Capital work-in-progress

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Balance brought forward from the previous year | - | 35.85 |
| Add : Additions | 7.22 | - |
| | 7.22 | 35.85 |
| Less : Transfer to Property, Plant and Equipment during the year | - | 35.85 |
| | 7.22 | - |

13. Non-current investments

₹ in lakhs

| | Number of Units / shares | Face value Per Unit / share | As at 31 March 2018 | As at 31 March 2017 |
|---|-----------------------------|--------------------------------|------------------------|------------------------|
| Non Trade | | | | |
| (valued at cost unless stated otherwise) | | | | |
| Quoted | | | | |
| In Equity Instruments (fully paid) | | | | |
| Sutlej Textiles & Industries Limited | 2,66,00,260 | 1.00 | 514.71 | 514.71 |
| SIL Investments Limited | 17,58,125 | 10.00 | 396.04 | 396.04 |
| New India Retailing & Investment Limited | 2,66,874 | 10.00 | 212.64 | 212.64 |
| Chambal Fertilisers & Chemicals Limited | 3,02,500 | 10.00 | 55.00 | 55.00 |
| Manavta Holdings Limited | 72,000 | 10.00 | 3.53 | 3.53 |
| Manbhawani Investment Limited | 67,500 | 10.00 | 2.07 | 2.07 |
| Avadh Sugar & Energy Limited * | 4,29,831 | 10.00 | - | - |
| Magadh Sugar & Energy Limited * | 9,12,912 | 10.00 | - | - |
| Ganges Securities Limited * | 10,14,205 | 10.00 | 867.44 | 867.44 |
| | | | 2,051.43 | 2,051.43 |
| Unquoted | | | | |
| In Equity Instruments (fully paid) | | | | |
| SCM Investment & Trading Company Limited | 37,50,000 | 10.00 | 750.00 | 750.00 |
| Shree Vihar Properties Limited | 7,47,692 | 10.00 | 65.77 | 65.77 |
| Modern DiaGen Services Limited | 23,752 | 10.00 | 2.38 | 2.38 |
| India Educational and Research Institution Private Limited | 24,500 | 10.00 | 2.45 | 2.45 |
| Taparia Limited | 3,500 | 10.00 | 0.40 | 0.40 |
| Bihar State Financial Corporation Limited | 70 | 100.00 | 0.07 | 0.07 |
| Moon Corporation Limited ('A' Class) | 745 | 100.00 | 0.77 | 0.77 |
| Moon Corporation Limited ('B' Class) | 2,502 | 5.00 | 0.13 | 0.13 |
| Birla Building Limited | 1,920 | 10.00 | 0.19 | 0.19 |
| The Oudh Trading Company Private Limited | 25 | 100.00 | 0.03 | 0.03 |
| A.P.V. Texmaco Limited (in liquidation) | 28,750 | 10.00 | - | - |
| [at cost less provision for other than temporary diminution ₹ 0.86 lakhs] | | | | |
| | | | 822.19 | 822.19 |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)**13. Non-current investments (Contd.)**

₹ in lakhs

| | Number of Units / shares | Face value Per Unit / share | As at 31 March 2018 | As at 31 March 2017 |
|---|-----------------------------|--------------------------------|------------------------|------------------------|
| In Equity Instruments (partly paid) | | | | |
| Modern Diagen Services Limited (₹ 2/- Paid up) | 15,45,044 | 10.00 | 30.90 | 30.90 |
| | | | 30.90 | 30.90 |
| In Preference Instruments (fully paid) | | | | |
| 8% Non Convertible Cumulative Redeemable Preference Share | | | | |
| New India Retailing & Investment Limited | 5,00,000 | 100.00 | 500.00 | 500.00 |
| 12% Non Convertible Cumulative Redeemable Preference Share | | | | |
| Avadh Sugar & Energy Limited (PY : 246500 Pref Shares) | - | 100.00 | - | 290.38 |
| Magadh Sugar & Energy Limited (PY : 166750 Pref Shares) | - | 100.00 | - | 196.43 |
| Ganges Securities Limited | 21,750 | 100.00 | 25.62 | 25.62 |
| | | | 525.62 | 1,012.43 |
| In Government Securities (fully paid) | | | | |
| 6 Years National Saving Certificates | | (a) | 0.01 | 0.01 |
| | | | 0.01 | 0.01 |
| | | | 3,430.15 | 3,916.96 |
| Aggregate amount of quoted investments | | | 2,051.43 | 2,051.43 |
| [Market value : ₹ 29,814 lakhs (₹ 24,634.91 lakhs)] | | | | |
| Aggregate amount of unquoted investments | | | 1,378.72 | 1,865.53 |

* These shares have been listed on Stock Exchanges on 28.07.2017 and cost of acquisition considered as per certificate dated 07.06.2017, issued by KPMG.

(a) Deposited / pledged with the Government Authority.

(b) The cost of following unquoted investments in equity shares (fully paid up) had been written off, though quantity thereof appears in the books.

| Name of the Company | Number of shares | Face value per share (in ₹) |
|--|------------------|--------------------------------|
| Leas Communication Limited | 21,000 | 10.00 |
| Swadeshi Jute Machinery Corporation Limited | 15,000 | 10.00 |
| Maruti Limited (in liquidation) | 10,000 | 10.00 |
| Chandausi Rice Mills Limited | 1,000 | 10.00 |
| Akhil Bharat Printers Limited (in liquidation) | 150 | 100.00 |
| Jai Hind Publishing Company Limited (in liquidation) | 80 | 25.00 |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

14. Loans and advances

₹ in lakhs

| | Non-current | | Current | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2018 | As at 31 March 2017 |
| (Unsecured, considered good except stated otherwise) | | | | |
| Sundry Deposits | 2.69 | 5.86 | 13.56 | 2.65 |
| Loan to a related party [Note 30(c)] | - | - | 1,050.00 | 3,900.00 |
| Advances recoverable in cash or in kind or for value to be received or pending adjustments | - | - | 75.23 | 55.89 |
| Other loans and advances | | | | |
| Deposits against demand under appeal and / or under dispute | - | - | 1.50 | 1.50 |
| Prepaid Expenses | - | - | 1.33 | 0.77 |
| Balances with Government Authorities (including TDS deducted) | - | - | 50.52 | 1.34 |
| | - | - | 53.35 | 3.61 |
| | 2.69 | 5.86 | 1,192.14 | 3,962.15 |

15. Inventories

₹ in lakhs

| | Notes | As at 31 March 2018 | As at 31 March 2017 |
|---|-------|------------------------|------------------------|
| Valued at lower of cost and net realisable value | | | |
| Raw materials | 20 | 46.11 | 48.71 |
| Goods under process | 21 | 80.15 | 50.77 |
| Finished goods | 21 | 717.46 | 796.35 |
| Traded goods | 21 | 232.07 | 241.44 |
| Stores, chemicals and spare parts etc. | | 156.10 | 129.60 |
| | | 1,231.89 | 1,266.87 |

16. Trade Receivables and Other Assets

16.1 Trade Receivables

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured, considered good | 15.21 | 11.54 |
| Considered doubtful | 1.00 | 1.00 |
| | 16.21 | 12.54 |
| Less : Provision for doubtful trade receivables | 1.00 | 1.00 |
| | 15.21 | 11.54 |
| Other receivables | | |
| Secured, considered good | 32.39 | 78.31 |
| Unsecured, considered good | 387.90 | 264.16 |
| | 420.29 | 342.47 |
| | 435.50 | 354.01 |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)**16. Trade Receivables and Other Assets (Contd.)****16.2 Other Assets**

₹ in lakhs

| | Non-current | | Current | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2018 | As at 31 March 2017 |
| (Unsecured, considered good) | | | | |
| Non-current bank balance (Note 17) | 0.80 | 0.80 | - | - |
| Interest accrued on loans, advances, deposits, investments etc. | - | - | 22.47 | 42.68 |
| Claims and refunds receivable towards incentives | - | - | 9.61 | 6.77 |
| | 0.80 | 0.80 | 32.08 | 49.45 |

17. Cash and bank balances

₹ in lakhs

| | Non-current | | Current | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2018 | As at 31 March 2017 |
| Cash and cash equivalents | | | | |
| Balance with banks | | | | |
| On current accounts | - | - | 47.71 | 68.13 |
| Cheques / drafts on hand | - | - | 23.70 | 252.69 |
| Cash on hand | - | - | 1.28 | 2.12 |
| | - | - | 72.69 | 322.94 |
| Other Bank balances * | | | | |
| Deposits with original maturity of more than three months but less than twelve months | - | - | 415.51 | 51.47 |
| Deposits with original maturity more than twelve months | 0.80 | - | - | - |
| | 0.80 | - | 415.51 | 51.47 |
| Less : Amount disclosed under other non-current assets (Note 16.2) | 0.80 | - | - | - |
| | - | - | 415.51 | 51.47 |
| | - | - | 488.20 | 374.41 |

* Includes ₹36.81 lakhs (₹ 50.27 lakhs) pledged / lodged with various Government Authorities.

18. Revenue from operations

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Revenue from operations | | |
| Sale of products | | |
| Finished goods - Food processing products | 2,436.95 | 2,635.88 |
| Traded goods - Food processing products | 978.28 | 1,193.16 |
| | 3,415.23 | 3,829.04 |
| Less : Claims, Rebates etc. | 30.77 | 62.07 |
| | 3,384.46 | 3,766.97 |
| Other operating revenue | | |
| Export incentives | 1.29 | 3.71 |
| Interest Income on loans | 309.78 | 508.95 |
| Dividend Income on Long-term Investments | 604.53 | 417.12 |
| Revenue from operations (gross) | 4,300.06 | 4,696.75 |
| Less : Excise duty | 10.05 | 33.02 |
| Revenue from operations (net) | 4,290.01 | 4,663.73 |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

19. Other income

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|-----------------------------|-----------------------------|
| Interest income on | | |
| - Deposits, advances etc. | 7.93 | 5.09 |
| - Refund from Income Tax Department | 2.19 | 1.14 |
| Insurance and Other Claims | 3.21 | 11.47 |
| Rent and Hire Charges | 20.71 | 4.35 |
| Unspent liabilities, provision no longer required and unclaimed balances adjusted | 17.10 | 19.53 |
| | 51.14 | 41.58 |

20. Cost of Raw material and components consumed

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--|-----------------------------|-----------------------------|
| Inventory at the beginning of the year | 48.71 | 41.60 |
| Add : Purchases and procurement expenses | 726.02 | 946.01 |
| | 774.73 | 987.61 |
| Less : Inventory at the end of the year | 46.11 | 48.71 |
| | 728.62 | 938.90 |

Details of raw materials consumed

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|-----------------------------|-----------------------------|-----------------------------|
| Fresh fruits and vegetables | 550.61 | 633.61 |
| Sugar | 178.01 | 305.29 |
| | 728.62 | 938.90 |

Details of raw materials inventory

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|-----------------------------|-----------------------------|-----------------------------|
| Fresh fruits and vegetables | 35.46 | 33.06 |
| Sugar | 10.65 | 15.65 |
| | 46.11 | 48.71 |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)**21. Decrease / (Increase) in inventories**

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|-----------------------------|-----------------------------|
| Inventories at the end of the year * | | |
| Finished goods | 717.47 | 796.36 |
| Traded goods | 232.07 | 241.44 |
| Goods under process | 80.15 | 50.77 |
| | 1,029.69 | 1,088.57 |
| Finished goods | 796.35 | 769.97 |
| Traded goods | 241.44 | 379.03 |
| Goods under process | 50.77 | 41.06 |
| | 1,088.56 | 1,190.06 |
| | 58.87 | 101.49 |
| Increase / (Decrease) of excise duty on inventories | -14.11 | 0.94 |
| | 44.76 | 102.43 |

* It represents food processing products.

Details of purchase of traded goods

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|-----------------------------|-----------------------------|-----------------------------|
| Fresh fruits and vegetables | 755.79 | 738.87 |

22. Employee benefits expense

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|-----------------------------|-----------------------------|
| Salaries, wages, bonus etc. | 465.69 | 510.92 |
| Contribution to provident & other funds (Note 27) | 53.68 | 45.05 |
| Gratuity expenses (Note 27) | 26.51 | 7.25 |
| Employee's welfare expenses | 22.87 | 32.72 |
| | 568.75 | 595.94 |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

23. Other expenses

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--|-----------------------------|-----------------------------|
| Consumption of store and spares | 48.95 | 73.86 |
| Packing Materials | 582.45 | 640.05 |
| Power & Fuel | 88.08 | 93.92 |
| Repairs to and maintenance of : | | |
| Buildings | 20.98 | 40.39 |
| Machinery | 9.36 | 6.66 |
| Others | 4.07 | 2.41 |
| Rent | 1.14 | 1.14 |
| Rates & Taxes | 2.86 | 1.27 |
| Insurance | 10.64 | 11.61 |
| Payment to Statutory Auditors | 7.15 | 3.75 |
| Commission on sales | 59.67 | 67.55 |
| Freight & forwarding charges etc. | 181.80 | 276.51 |
| Cash Discount | 44.36 | - |
| Other Selling expenses | 88.15 | - |
| Charity and donations | - | 17.00 |
| Provision for standard assets | - | 3.44 |
| Provision for warranties and claims | 4.34 | 2.98 |
| Loss on foreign exchange fluctuation (net) | 1.57 | 1.31 |
| Short Term Capital Loss | 73.56 | - |
| Miscellaneous expenses | 175.34 | 164.67 |
| | 1,404.47 | 1,408.52 |

24. Depreciation and amortisation expenses

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---------------------------------|-----------------------------|-----------------------------|
| Depreciation of tangible assets | 17.65 | 17.58 |
| | 17.65 | 17.58 |

25. Finance Cost

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|----------|-----------------------------|-----------------------------|
| Interest | 289.74 | 512.47 |
| | 289.74 | 512.47 |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

26. Earning per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--|-----------------------------|-----------------------------|
| Profit / (Loss) after tax | 518.54 | 383.04 |
| Dividend on Non-Convertible Cumulative Redeemable Preference Share & tax thereon | 13.30 | 13.30 |
| Net profit / (loss) for calculation of basic and diluted EPS | 505.24 | 369.74 |
| | Nos. | Nos. |
| Weighted average number of equity shares in calculating basic & diluted EPS | 1,00,03,102 | 1,00,03,102 |
| | ₹ | ₹ |
| Earning per equity share (Nominal value of share ₹ 10) | | |
| Basic & Diluted | 5.05 | 3.70 |
| There is no dilutive potential equity share. | | |

27. Gratuity - Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed at least five years or more of service is entitled to Gratuity on terms as per the provisions of The Payment of Gratuity Act, 1972. The Company has a approved gratuity fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the plan.

Statement of profit and loss

Net employee benefit expense recognized in employee costs

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|-----------------------------|-----------------------------|
| Current service cost | 6.95 | 6.21 |
| Interest cost on benefit obligation | 8.03 | 7.95 |
| Expected return on plan assets | (5.57) | (5.68) |
| Unrecognised Past Service Cost | 19.76 | - |
| Net actuarial gain recognized in the year | (2.66) | (1.23) |
| Net benefit expense | 26.51 | 7.25 |
| Actual return on plan assets | 5.57 | 5.59 |

Balance sheet

Net Benefit liability / (asset)

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|-----------------------------|-----------------------------|
| Present value of defined benefit obligation | 138.68 | 114.07 |
| Fair value of plan assets | 78.34 | 80.25 |
| Plan liability | 60.34 | 33.82 |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

27. Gratuity - Defined Benefit Plan (Contd.)

Changes in the present value of the defined benefit obligation are as follows :

| | ₹ in lakhs | |
|---|---------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Opening defined benefit obligation | 114.07 | 103.98 |
| Current service cost | 6.95 | 6.21 |
| Interest cost | 8.03 | 7.95 |
| Plan Amendment | 19.76 | - |
| Benefits paid | (7.47) | (2.75) |
| Actuarial gain on obligation | (2.66) | (1.32) |
| Closing defined benefit obligation | 138.68 | 114.07 |

Changes in the fair value of plan assets are as follows :

| | ₹ in lakhs | |
|--|---------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Opening fair value of plan assets | 80.25 | 71.87 |
| Expected return | 5.57 | 5.68 |
| Contributions by employer | - | 5.54 |
| Benefits paid | (7.47) | (2.75) |
| Actuarial loss | - | (0.09) |
| Closing fair value of plan assets | 78.35 | 80.25 |

The Company expects to contribute ₹ 10.00 lakhs to Gratuity Fund in the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :

| | 31 March 2018 | 31 March 2017 |
|----------------------|---------------|---------------|
| Investments with LIC | 100% | 100% |

The principal assumptions are shown below :

| | 31 March 2018 | 31 March 2017 |
|-----------------------------------|---|---|
| Discount rate | 7.40% | 7.28% |
| Expected rate of return on assets | 9.00% | 7.75% |
| Withdrawal Rates | Varying between 1.80% to 4.20% per annum depending upon the duration and age of the employees | Varying between 1.80% to 4.20% per annum depending upon the duration and age of the employees |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

27. Gratuity - Defined Benefit Plan (Contd.)

Amounts for the current year and previous periods are as follows : *

₹ in lakhs

| | 31 March 2018 | 31 March 2017 | 31 March 2016 |
|---|---------------|---------------|---------------|
| Gratuity | | | |
| Defined benefit obligation | 138.68 | 114.07 | - |
| Plan assets | 78.34 | 80.25 | - |
| Surplus / (deficit) | (60.34) | (33.82) | - |
| Experience (gain) / loss adjustments on plan liabilities | (1.87) | (4.21) | - |
| Experience gain / (loss) adjustments on plan assets due to change in assumption | (0.80) | (0.09) | - |

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on the date, applicable to the year over which the obligation is to be settled.

Defined Contribution Plan:

The Company has recognised the following amount as an expense and included under, "Contribution to Provident & Other Funds".

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|-----------------------------|-----------------------------|
| Contribution to Provident / Pension Funds / State Insurance | 53.68 | 45.05 |

28. Leases

Operating lease

The Certain office premises, godowns, cane purchasing centre etc. are held on operating lease. The leases range upto 3 years and are renewable either mutually or at the option of the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease agreements. There are no subleases. The leases are cancellable.

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|----------------------------------|-----------------------------|-----------------------------|
| Lease payments made for the year | 1.14 | 1.14 |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

29. Segment information

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Accordingly, the Company has identified "Food Processing Products" and "Investments" as the operating segments :

Food Processing Products - Consists of Canned Fruits and Vegetables, Jams Jellies, Squashes and Juices.

Investments - Consists of Interest income from loans and Dividend income from investments in shares & securities.

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

Business segments

Year ended 31 March 2018

₹ in lakhs

| Particulars | Food Processing Products | Investments | Total |
|--|--------------------------|-------------|---------------|
| Revenue from operations (net of Excise Duty) | 3,375.70 | 914.31 | 4,290.01 |
| Results | | | |
| Segment results | 21.88 | 828.42 | 850.30 |
| Unallocated Income / (Expenses) (net of unallocated expenses / income) | | | (29.19) |
| Operating Profit | | | 821.11 |
| Finance Costs | | | 289.74 |
| Profit before tax | | | 531.37 |
| Current tax | | | 12.54 |
| Provision for Tax for ealier year | | | 0.29 |
| Total tax expenses | | | 12.83 |
| Profit after tax | | | 518.54 |

₹ in lakhs

| Particulars | Food Processing Products | Investments | Total |
|----------------------------------|--------------------------|-------------|-----------------|
| As at 31 March 2018 | | | |
| Segment assets | 1,949.27 | 4,691.87 | 6,641.14 |
| Unallocated assets | 78.54 | 410.45 | 488.99 |
| Total assets | | | 7,130.13 |
| Segment liabilities | 713.56 | 482.80 | 1,196.36 |
| Unallocated liabilities | 104.81 | - | 104.81 |
| Total liabilities | | | 1,301.17 |
| Other segment information | | | |
| Capital expenditure | | | |
| Property, Plant & Equipment | 5.57 | - | 5.57 |
| Depreciation | 15.40 | 2.25 | 17.65 |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

29. Segment information (Contd.)

Year ended 31 March 2017

₹ in lakhs

| Particulars | Food Processing Products | Investments | Total |
|---|--------------------------|---------------|-----------------|
| Revenue from operations (net of Excise Duty) | 3,737.66 | 926.07 | 4,663.73 |
| Results | | | |
| Segment results | 48.15 | 865.79 | 913.94 |
| "Unallocated Income / (Expenses) (net of unallocated expenses / income)" | | | (10.87) |
| Operating Profit | | | 903.07 |
| Finance Costs | | | 512.47 |
| Profit before tax | | | 390.60 |
| Current tax | | | 7.52 |
| Provision for Tax for earlier year | | | 0.04 |
| Total tax expenses | | | 7.56 |
| Profit after tax | | | 383.04 |

₹ in lakhs

| Particulars | Food Processing Products | Investments | Total |
|----------------------------------|--------------------------|-------------|------------------|
| As at 31 March 2017 | | | |
| Segment assets | 1,866.15 | 8,010.69 | 9,876.84 |
| Unallocated assets | 316.75 | 58.46 | 375.21 |
| Total assets | | | 10,252.05 |
| Segment liabilities | 713.66 | 136.73 | 850.39 |
| Unallocated assets | 261.19 | 3,829.85 | 4,091.04 |
| Total liabilities | | | 4,941.43 |
| Other segment information | | | |
| Capital expenditure | | | |
| Property, Plant & Equipment | 58.28 | - | 58.28 |
| Depreciation | 15.40 | 2.25 | 17.65 |

30. Related party disclosures

Names of related parties and related party relationship

Related parties with whom transactions have taken place during the year

| | |
|--|---|
| Key management personnel | Shri Chandra Shekhar Nopany - Director Shri Chand Bihari Patodia - Managing Director Shri Deepak Kumar Sharma - Chief Financial Officer Ms Mayuri Raja - Company Secretary |
| Relatives of Key Management Personnel | Smt. Shalini Nopany - Wife of Shri Chandra Shekhar Nopany |
| Enterprises owned or significantly influenced by Key management personnel or their relatives | Avadh Sugar & Energy Limited Magadh Sugar & Energy Limited Sutlej Textiles & Industries Limited SIL Investments Limited |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)**30. Related party disclosures (Contd.)****a. Loans / Inter-corporate deposits taken and repayment thereof**

₹ in lakhs

| | Year ended | Loan / Inter-corporate deposit taken | Interest accrued / paid | Amount owned to related parties |
|--|------------|--------------------------------------|-------------------------|---------------------------------|
| Enterprises owned or significantly influenced by Key management personnel or their relatives | | | | |
| SIL Investments Limited | 31/03/2018 | 350.00 | 273.58 | 350.00 |
| | 31/03/2017 | 3,900.00 | 499.20 | 3,900.00 |

b. Receivable / Payable outstanding (incl Security Deposit)

₹ in lakhs

| | Year ended | Transaction during the year | Amount owned by related parties | Amount owned to related parties |
|--|------------|-----------------------------|---------------------------------|---------------------------------|
| Enterprises owned or significantly influenced by Key management personnel or their relatives | | | | |
| Avadh Sugar & Energy Limited | 31/03/18 | - | - | 85.00 |
| | 31/03/17 | - | - | 41.91 |
| Magadh Sugar & Energy Limited | 31/03/18 | - | - | - |
| | 31/03/17 | - | - | 8.55 |
| Sutlej Textiles & Industries Limited | 31/03/18 | - | - | 10.00 |
| | 31/03/17 | - | - | - |

c. Loans / Inter-corporate deposits given and receipts thereof

₹ in lakhs

| | Year ended | Loan / Inter-corporate deposits given | Interest accrued / received | Amount owned by related parties |
|--|------------|---------------------------------------|-----------------------------|---------------------------------|
| Enterprises owned or significantly influenced by Key management personnel or their relatives | | | | |
| Avadh Sugar & Energy Limited | 31/03/18 | 1,050.00 | 309.79 | 1,050.00 |
| | 31/03/17 | 3,900.00 | 508.95 | 3,900.00 |

d. Other Receipts

₹ in lakhs

| | Year ended | Rent Received | Dividend Recd (incl on Pref Shares) |
|--|------------|---------------|-------------------------------------|
| Enterprises owned or significantly influenced by Key management personnel or their relatives | | | |
| Avadh Sugar & Energy Limited | 31/03/18 | 5.00 | 101.71 |
| | 31/03/17 | - | - |
| Magadh Sugar & Energy Limited | 31/03/18 | 7.50 | 81.25 |
| | 31/03/17 | - | - |
| Sutlej Textiles & Industries Limited | 31/03/18 | 5.00 | 345.80 |
| | 31/03/17 | - | 345.80 |
| SIL Investments Limited | 31/03/18 | - | 26.37 |
| | 31/03/17 | - | 21.98 |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)**31. Contingent liabilities**

₹ in lakhs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--|-----------------------------|-----------------------------|
| (a) Demands / claim by various Government authorities and others not acknowledged as debt and contested by a subsidiary company: | | |
| (i) Sales Tax | 1.65 | 5.33 |
| (ii) Others | 8.25 | 8.25 |
| | 9.90 | 13.58 |
| (b) Uncalled Capital on partly paid shares | 123.60 | 123.60 |
| (c) Bank Guarantees outstanding | 75.61 | 88.76 |
| (d) Arrear Dividend (including tax) on Non-Convertible Cumulative Redeemable Preference Shares (NCCRPS) | 88.69 | 75.42 |

32. The disclosure of net assets and share in profit or loss percentage of the Holding Company and Subsidiary Companies pursuant to Schedule III of the Companies Act, 2013 is as under:

| Name of the entity in the Consolidation Financial Statements | Net Assets i.e. Total Assets minus Total Liabilities | | Share in Profit or Loss | |
|--|---|------------------------|---|------------------------|
| | As % of Consolidated net assets | Amount (₹ in lakhs) | As % of Consolidated profit or loss | Amount (₹ in lakhs) |
| 1 | 2 | 3 | 4 | 5 |
| Parent: | | | | |
| Palash Securities Limited | -0.54% | -31.47 | -7.00% | (36.30) |
| Subsidiaries: | | | | |
| Allahabad Canning Limited | 20.75% | 1,209.45 | 0.27% | 1.38 |
| Hargaon Investment & Trading Company Limited | 47.40% | 2,762.91 | 73.30% | 380.07 |
| OSM Investment & Trading Company Limited | 18.48% | 1,077.31 | 21.82% | 113.14 |
| Champan Marketing Company Limited | 13.06% | 761.40 | 11.74% | 60.90 |
| Hargaon Properties Limited | 0.85% | 49.36 | -0.13% | (0.65) |
| Total | 100.00% | 5,828.96 | 100.00% | 518.54 |

Notes to consolidated financial statements as at and for the year ended 31 March 2018 (Contd.)

33. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 included in Trade Payables.

₹ in lakhs

| | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Trade payables | | |
| - Total outstanding dues of micro enterprises and small enterprises | | |
| (i) The principal amount and the interest thereon remaining unpaid to the supplier as at end of accounting year | 11.61 | - |
| Interest thereon | - | - |
| (ii) Total amount of interest paid by the buyer in terms of section 16 of MSMED Act 2006 along with the amounts of payment made to the supplier beyond the appointed day during the accounting year. | - | - |
| (iii) Total amount of interest due and payable for the period delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under MSMED Act 2006. | - | - |
| (iv) The amount of interest accrued and remaining unpaid at the end of accounting year | - | - |
| (v) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest due as above are actually paid to small enterprises for the purpose of disallowance as deductible under section 23 of MSMED Act 2006 | - | - |

The above information has been determined to the extent such parties have been identified on the basis of information available with the company.

34. Previous year's figure including those given in brackets have been regrouped / rearranged wherever necessary.

As per our report of even date

For Agrawal Subodh & Co.

Firm Registration No.: 319260E

Chartered Accountants

Subodh Kumar Agrawal

Partner

Membership No.: 054670

Place: Kolkata

Date : 08.05.2018

For and on behalf of the Board of Directors

Chand Bihari Patodia

Managing Director

DIN-01389238

Chandra Shekhar Nopany

Director

DIN-00014587

Deepak Kumar Sharma

Chief Financial Officer

Mayuri Raja

Company Secretary

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